

2017 Financial report and Management

The main features of Inria's 2017 budget: details of resources and expenditure, certification of the financial accounts and income statement.



Inria's budget for 2017

Inria's **initial budget** for 2017, adopted in November 2016, was established in terms of revenue and expenditure for a total sum of €236.4 million, increased to €238.7 million in the last amending budget adopted in November 2017.

Regarding execution of the 2017 budget in terms of revenue, the **Subsidy for Public Service Expenses (SCSP)** for 2017 was €170.6 million, compared to €167.5 million in 2016 and €168.1 million in 2015. This subsidy accounted for 72% of revenue.

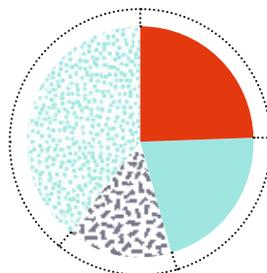
Own resources amounted to €63.9 million, i.e. a 96% execution rate compared to the amounts set in the last amending budget.

This accounted for 27% of all Inria's resources for 2017. The main sources of Inria's own resources are:

- **Research contracts with third parties in the private or public sectors:** €10 million;
- **Research project and programme subsidies:** €42 million;
- **Product sales: publications, conferences, etc.:** €1.9 million;
- **Financial transactions related to fixed assets:** €6.8 million.

Total revenue was €234.6 million in 2017, i.e. an execution rate of **98.9%** compared to the amending budget.

SOURCES OF INRIA'S OWN RESOURCES for research contracts and project subsidies



- **€20.4 million** from the European Commission
- **€12.8 million** from other public-sector partners
- **€10.9 million** from the ANR
- **€7.9 million** from private-sector partners



Nature and purpose of expenditure in 2017

BY NATURE,

expenditure is broken down as follows:

- €162.5 million for payroll costs (73% of total expenditure), including €128.4 million for the restrictive wage bill and €34.1 million for the non-restrictive wage bill. The workforce of staff whose salaries are capped as financed under the SCSP was 1,579 in full-time equivalent terms (FTE), compared to 1,604 in 2016, and with the initial 2017 budget forecasting 1,654 FTE. The workforce of staff whose salaries are not capped as financed out of own resources was 729 FTE, compared to 805 FTE in 2016.
- €47.1 million for non-scheduled investment and operating costs (FCI);
- €13.3 million relative to scheduled investment transactions (OIP).

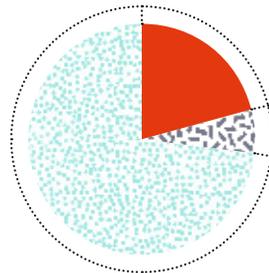
Total disbursements in 2017 came to €223 million, compared to the initial forecast of **€236.4 million**, i.e. a **94.3%** execution rate.

BY PURPOSE,

expenditure in 2017, i.e. €223 million, included:

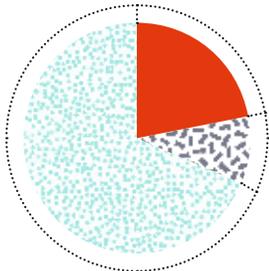
- €152.4 million on scientific activities at the research centres (Aggregate 1), i.e. 68.4% of total expenditure in 2017;
- €21.5 million on joint research activity (Aggregate 2), i.e. 9.6%;
- 49 million on support functions (Aggregate 3), i.e. 22%.

EXPENDITURE BY NATURE



- **73%** Staff costs
- **21%** Investment and operating costs (FCI)
- **6%** Expenditure relative to scheduled investment transactions (OIP)

EXPENDITURE BY PURPOSE



- **68.4%** Scientific activities at the research centres
- **22%** Joint research activity
- **9.6%** Support functions

The scientific themes relating to Inria's key objectives are shown in the table below and factor in all expenditure, regardless of funding source and all aggregates combined.

	spent in 2017 (€M)
TEAM EXPENDITURE PER THEME (€M)	116.3
Applied Mathematics, Computing and Simulation	18.7
Algorithms, Programming, Software and Architectures	25.0
Networks, Systems and Services, Distributed Calculation	20.9
Perception, Cognition, Interaction	28.1
Healthcare, Biology and Digital Planet	23.6

Certification of the financial account

In 2017, the organisation's work on reforming and optimising the Expenses process ended with the creation of the pooled expenses department (SMD) and invoicing department (SFACT), which have been operational since 1 January 2017. At the same time, the joint human resources department (SMGRH) was put in place in April 2017.

Moreover, in the aim of improving the payment periods of public bodies, since 1 January 2017 large enterprises must provide them with their invoices in dematerialised form by using the Chorus Portail Pro platform (CPP). Inria has however chosen to dematerialise all of the invoices received from its suppliers, via the intervention of a third party teletransmission system (TDD). As a result, from 2017 onwards, all of the supplier invoices received by Inria have been in dematerialised form prior to transfer and processing in the SAFIn financial system. Inria has also chosen to dematerialise the earlier stages of the expenses chain, with a complete dematerialisation of purchase orders and their automatic sending to suppliers by email.

Pursuant to the GBCP (public budgetary and accounting management) decree, the SAFIn budgetary and accounting information system evolved in 2017 to enable the

management of advances on revenue contracts through the effective implementation of advance revenue securities as of October 2017.

Finally, a project to overhaul the human resources information system (HRIS) was launched on 13 September 2017, with the aim of putting a new tool into production by 1 January 2020.

As has been the case since 2010, 2017 accounts have been the subject of certification by two auditors. The certifiers have reiterated the two reservations previously formulated (register of trade payables; physical inventory and monitoring of fixed assets). Moreover a 'technical' provision, which had been issued in 2016 concerning the accounting of a building, was lifted in 2017.

The 2017 financial account shows a profit of + €0.8M (instead of a deficit of - €6.3M the previous year). This evolution is due to several factors, including in particular: the increase in grants and related income (+ €2.3M), linked to the increase in the subsidy for public service expenses (+ €3.1M); the reduction in staff costs (- €0.8M), other operating expenses (- €1.3M) and provisions booked and amortisation allowances (- €3.1M).

The balance sheet total (assets and liabilities) amounts to €253.9M compared to €239.4M in 2016.

Income statement

ITEM	2017	2016	Variation 2017/2016
	Amount (in euros)	Amount (in euros)	%
Subsidy for public service expenses	170,614,575	16,493,833	1.9%
Operating subsidies granted by the State and other public entities	39,611,017	40,705,534	-2.7%
Subsidies allocated to funding maintenance costs	-	-	
Donations and bequests	522,667	207,639	151.7%
Allocated tax income	-	-	
SUBSIDIES AND SIMILAR INCOME	210,748,259	208,407,006	1.1%
Sales of goods or services	11,295,342	11,534,270	-2.1%
Income from the sale of assets	29,344	56,964	-48.5%
Other management income	1,188,157	1,194,164	-0.5%
Inventory and self-constructed assets	-	-	-
Income earned for provision of a public service	-	-	-
DIRECT INCOME FROM ACTIVITY	12,512,843	12,785,398	-2.1%
Write-backs on depreciation and provisions	13,163,265	14,517,025	-9.3%
Write-backs of asset-related funds	6,770,584	5,440,306	24.5%
OTHER INCOME	19,933,849	19,957,331	-0.1%
OPERATING INCOME	243,194,951	241,149,735	0.8%
Purchases	103,481	111,596	-7.3%
Use of goods and supplies, works and services	42,230,932	41,974,856	0.6%
Payroll costs	151,472,276	152,310,350	-0.6%
Other operating costs (incl. losses/write-offs)	19,605,280	20,944,880	-6.4%
Depreciations and provisions, Net accounting value of assets disposed of	28,973,397	32,114,199	-9.8%
OPERATING COSTS	242,385,366	247,455,881	-2.0%
NET INCOME (OR LOSS) FROM ACTIVITY	+809,585	-6,306,146	-112.8%

Income statement

ITEM	2017	2016	Variation 2017/2016
	Amount (in euros)	Amount (in euros)	%
Income from shares and loans	-	-	-
Net income from sale of financial assets	-	-	-
Interest on non-capital receivables	-	-	-
Income from short-term investments and cash	-	-	-
Income from sales of short-term investments	-	-	-
Foreign exchange gains	20,615	3,751	449.6%
Other financial income	-	14,019	-100.0%
Write-backs on depreciation and provisions	-	-	-
FINANCIAL INCOME	20,615	17,770	16.0%
Interest	-	-	
Net loss on disposal of securities	-	-	
Foreign exchange losses	6,032	11,992	-49.7%
Other financial costs	-	-	
Depreciation and provisions for financial costs	-	35,300	-100.0%
FINANCIAL COSTS	6,032	47,292	-87.2%
NET FINANCIAL INCOME (OR LOSS)	14,583	-29,522	-149.4%
Corporate tax	-	-	
FISCAL YEAR PROFIT OR LOSS	+824,168	-6,335,668	-113.0%



Modernising the expenditure chain

In 2017, in accordance with the commitments made as part of our performance target agreement, Inria deployed various actions aimed at optimising the Institute's financial management.

- **Activities** carried out by the administrative departments relative to the upstream part of the **expenditure chain** (issuing purchase orders and certifying the service rendered) have been **pooled**, with the combined set up of a shared travel expenses department (SMD) and an invoicing department (SFACT). As a result of this new organisation, the expenditure chain has been rationalised, processes have been simplified since

redundant operations and checks are avoided, and accounting quality has improved.

- **All invoices are now paperless.** While large companies have been required to send paperless invoices to public organisations since January 2017, here at Inria we opted to make all supplier invoices paperless, including the upstream expenditure chain, with all purchase orders paperless and automatically sent to suppliers by email. As an effective way to lighten work processes, such paperless processes have resulted in reducing management costs and improving management process security and efficiency.



Deploying electronic signatures

In the spring of 2017, when the joint HR management department (SMGRH) was set up, one of the first processes – the recruitment of non-tenured personnel – benefited from the introduction of paperless documents and electronic signatures. The following

autumn, paperless processing was extended to all HR management processes. This is a significant step forward and puts Inria at the forefront of our counterparts, even though the technical standards have barely been published.



Telework

Following on from an experimental period in 2016, Inria decided in 2017 to deploy the **telework scheme to all the staff interested**. This is a key measure in Inria's Human Resources policy, aimed at improving

work/life balance for all staff. Inria is thus the first public research organisation to offer staff the opportunity to work at home.



Rollout and initial results of the Inria employee opinion survey

Developed as a result of a joint initiative on the part of Inria's General Management, Human Resources and staff representatives, Inria's employee opinion survey is based on a tried and tested methodology that enables results to be analysed using proven statistical and sociological methods. **Everyone at Inria** (permanent and non-permanent staff, whether or not they are Inria employees, researchers, support personnel, PhD researchers, etc.) can take part, totally **anonymously**, in this huge survey, which will now be held **every 18 months**.

The questionnaire is divided into main sections

covering **every aspect of professional life**: daily work, relations with line managers, career prospects, and information regarding Inria's key challenges. The results of the survey will be used to define and implement **action plans** and then assess the effect of any corrective measures. These results will be made available to staff, at all the centres and at head office. Following an initial assessment at the end of 2015, Inria repeated the survey in 2017, and thus has an **effective tool for listening to what our personnel have to say**.