

REPORT

ON

BUDGETARY AND FINANCIAL MANAGEMENT

2012

EUROPEAN GNSS AGENCY

PRESENTATION OF CONTENTS

The purpose of this report is to present a synthesis of the budgetary and financial management by the European GNSS Agency (GSA) in 2012.

LEGAL BASIS

Article 76 of the GSA Financial Regulation stipulates that the accounts of the Agency shall be accompanied by a "report on budgetary and financial management during the year".

THE REPORT

This document is structured in two parts and eight chapters:

PART I: Budget management

- **Chapter one** summarises the budget evolution and management by the Agency, from the voted budget made available at the beginning of the year 2012 to the final budget after transfers and amendments.
- **Chapter two** describes the execution of the budget per budget line, in terms of commitment and payment appropriations.
- **Chapter three** includes the appropriations arising from earmarked revenue (via delegation agreements between the European Commission and the GSA).
- **Chapter four** analyses the payment appropriations carried over from 2011 to 2012 and the payment appropriations carried over from 2012 to 2013.
- **Chapter five** presents an analysis of the outstanding commitments at the end of 2012.
- **Chapter six** provides information related to our staff and establishment plan during 2012.

PART II: Financial management

- **Chapter seven** describes the financial and accounting systems used by the Agency
- **Chapter eight** reports on the financial management developments in 2012

PART I CHAPTER 1 BUDGET EVOLUTION DURING 2012

The initial budget decided by the European Parliament and the European Council during the budget adoption procedure was set at 10,749,472 EUR. In April 2012, the European Commission decided to allocate to the GSA additional appropriations to support the relocation project to Prague headquarters, which increased the initial budget level with 2,000,000 EUR (net of 1,989,176 EUR, after corrections in third countries contributions), providing a total GSA budget of 12,738,648 EUR for commitments and payments.

A second amendment to the budget was needed in order to accept additional payment appropriations from the European Commission in September 2012. 186,801 EUR of payments were granted to the GSA to help the Agency meet its payment needs for operational costs. As a result, the GSA final budget for commitments was set at 12,738,648 EUR, and for payments at 12,925,449 EUR.

Table 1: GSA initial and final budget structure, with consolidated view of amendments and transfers, in EUR

| Budget line | Heading | Initial voted budget | | Transfers / amendments | | Final budget 31/12/2012 | |
|---|---------------------------------|----------------------|-------------------|------------------------|------------------|-------------------------|-------------------|
| | | CA | PA | CA | PA | CA | PA |
| Title 1 - Staff expenditure | | | | | | | |
| 1100 | Staff expenditure | 5,175,614 | 5,175,614 | -729,492 | -729,492 | 4,446,122 | 4,446,122 |
| 1200 | Recruitment costs | 70,000 | 70,000 | 37,000 | 37,000 | 107,000 | 107,000 |
| 1300 | Missions and travel | 400,000 | 400,000 | 119,252 | 119,252 | 519,252 | 519,252 |
| 1400 | Training expenditure | 65,000 | 65,000 | 7,206 | 7,206 | 72,206 | 72,206 |
| 1700 | Representation expenditure | 5,000 | 5,000 | -2,894 | -2,894 | 2,106 | 2,106 |
| 1800 | Tuition fees | 0 | 0 | 210,500 | 210,500 | 210,500 | 210,500 |
| 1900 | Allowances and relocation costs | 0 | 0 | 288,569 | 288,569 | 288,569 | 288,569 |
| | Total for title 1 | 5,715,614 | 5,715,614 | -69,859 | -69,859 | 5,645,755 | 5,645,755 |
| Title 2 - Administrative expenditure | | | | | | | |
| 2000 | Rental of buildings | 700,000 | 700,000 | 131,505 | 131,505 | 831,505 | 831,505 |
| 2100 | Data processing | 1,400,000 | 1,400,000 | 1,208,500 | 1,208,500 | 2,608,500 | 2,608,500 |
| 2200 | Movable property | 270,000 | 270,000 | -11,071 | -11,071 | 258,929 | 258,929 |
| 2300 | Current administrative costs | 415,000 | 415,000 | 373,352 | 373,352 | 788,352 | 788,352 |
| 2400 | Postage and telecommunication | 70,000 | 70,000 | -20,000 | -20,000 | 50,000 | 50,000 |
| 2500 | Meetings | 80,000 | 80,000 | -29,756 | -29,756 | 50,244 | 50,244 |
| | Total for title 2 | 2,935,000 | 2,935,000 | 1,652,530 | 1,652,530 | 4,587,530 | 4,587,530 |
| | Total for titles 1 and 2 | 8,650,614 | 8,650,614 | 1,582,671 | 1,582,671 | 10,233,285 | 10,233,285 |
| Title 3 - Operational expenditure | | | | | | | |
| 3100 | Studies and operations | 728,858 | 728,858 | 426,505 | 1,392,601 | 1,155,363 | 2,121,459 |
| 3300 | SAB operational expenditure | 1,370,000 | 1,370,000 | -20,000 | -799,295 | 1,350,000 | 570,705 |
| | Total for title 3 | 2,098,858 | 2,098,858 | 406,505 | 593,306 | 2,505,363 | 2,692,164 |
| | TOTAL titles 1, 2 and 3 | 10,749,472 | 10,749,472 | 1,989,176 | 2,175,977 | 12,738,648 | 12,925,449 |

12 internal transfers were processed in 2012, all of them authorised by the Executive Director, except one major transfer, executed after decision by the Administrative Board. The GSA budgets with subsequent amendments were published in the Official Journal of the EU on 30/03/2012, 20/06/2012 and early 2013.



| No. | From | To | Amount | Date of validation | Comments |
|---------|------|------|------------|--------------------|--|
| 01/2012 | 3300 | 3100 | 100,000 | 04/06/2012 | Assignment of NDA payment credits only within title 3 |
| 02/2012 | 3300 | 3100 | 25,000 | 15/06/2012 | Assignment of NDA payment credits only within title 3 |
| 03/2012 | 3300 | 3100 | 115,000 | 25/06/2012 | Assignment of NDA payment credits only within title 3 |
| 04/2012 | 3300 | 3100 | 150,000 | 05/07/2012 | Assignment of NDA payment credits only within title 3 |
| 05/2012 | 3300 | 3100 | 126,000 | 23/07/2012 | Assignment of NDA payment credits only within title 3 |
| 06/2012 | 2500 | 2300 | 12,971 | 09/08/2012 | Transfer within title 2 to allow signature of SC for office removal. Surplus in 2500, meetings. |
| 07/2012 | 1100 | 1200 | 25,000 | 26/09/2012 | Reinforcement of recruitment line to cover costs until end of the year |
| | 1900 | 2200 | 70,000 | 27/09/2012 | Reinforcement of movable property line to cover additional SC for furniture and office equipment |
| 08/2012 | 3300 | 3100 | 323,918.27 | 04/10/2012 | Final assignment of NDA payment credits only within title 3, after EC letter has been received confirming additional 186,801 EUR of PAs and that a detailed cash flow has been carried out until end of 2012 |
| 09/2012 | 1900 | 1200 | 10,000 | 29/10/2012 | Final reinforcement of recruitment line to cover costs until end of the year and first assessment of accruals |
| | 1900 | 1400 | 10,000 | 29/10/2012 | Reinforcement of training line to cover costs until end of the year and first assessment of accruals |
| | 1900 | 1300 | 54,991.12 | 29/10/2012 | Reinforcement of the missions line to increase long term missions commitment – first assessment of accruals – and to create new provisional commitment for new GSMC department |
| 10/2012 | 1100 | 3100 | 370,000 | 14/11/2012 | Admin Board Decision plus 70,000 EUR |
| | 1100 | 2100 | 300,000 | | Admin Board Decision |
| | 1100 | 2200 | 100,000 | | Admin Board Decision |
| | 2500 | 2300 | 2440 | | Transfer within Title 2 |
| 11/2012 | 2500 | 2300 | 2000 | 15/11/2012 | Transfer within Title 2 to conclude Team Relocations contract |
| 12/2012 | 2400 | 2100 | 30,000 | 20/11/2012 | After the Admin Board Decision, a meeting took place with IT and Logistics Department to plan in detail all required commitments. The outcome of this meeting was this global transfer request |
| | 1900 | 2100 | 80,000 | | |
| | 1800 | 2100 | 148,500 | | |
| | 2200 | 2000 | 115,000 | | |

In quantitative terms, the GSA carried out the following number of transactions during 2012: 326 commitments and modification of commitments (68% more than in 2011) and 1,786 payments (5% more than in 2011).

CHAPTER 2 BUDGET EXECUTION IN 2012

Execution of commitment appropriations (Table 3) remained high in all titles and budget lines, reaching a global 99.99% execution.

Table 3: Execution of commitment appropriations 2012, in EUR

| Budget line | Heading | COMMITMENT APPROPRIATIONS BUDGETED 2012 | Commitment Appropriations (CAs) | | | |
|---|------------------------------------|---|---------------------------------|-------------|-----------------|-------------|
| | | | EXECUTED | % | UNSPENT | % |
| Title 1 - Staff expenditure | | | | | | |
| 1100 | Staff expenditure | 4,446,122.41 | 4,446,122.41 | 100% | 0.00 | 0% |
| 1200 | Recruitment costs | 107,000.00 | 107,000.00 | 100% | 0.00 | 0% |
| 1300 | Missions and travel | 519,251.51 | 519,251.51 | 100% | 0.00 | 0% |
| 1400 | Training expenditure | 72,206.18 | 72,206.18 | 100% | 0.00 | 0% |
| 1700 | Representation expenditure | 2,106.36 | 2,106.36 | 100% | 0.00 | 0% |
| 1800 | Tuition fees | 210,500.00 | 210,500.00 | 100% | 0.00 | 0% |
| 1900 | Prague relocation staff allowances | 288,568.54 | 288,568.54 | 100% | 0.00 | 0% |
| | Total for title 1 | 5,645,755.00 | 5,645,755.00 | 100% | 0.00 | 0% |
| Title 2 - Administrative expenditure | | | | | | |
| 2000 | Rental of buildings | 831,505.00 | 831,505.00 | 100% | 0.00 | 0% |
| 2100 | Data processing | 2,608,500.00 | 2,606,800.54 | 100% | 1,699.46 | 0% |
| 2200 | Movable property | 258,928.86 | 258,928.86 | 100% | 0.00 | 0% |
| 2300 | Current administrative costs | 788,352.49 | 788,352.49 | 100% | 0.00 | 0% |
| 2400 | Postage and telecommunication | 50,000.00 | 50,000.00 | 100% | 0.00 | 0% |
| 2500 | Meetings | 50,244.10 | 50,244.10 | 100% | 0.00 | 0% |
| | Total for title 2 | 4,587,530.45 | 4,585,830.99 | 100% | 1,699.46 | 0% |
| | Total for titles 1 and 2 | 10,233,285.45 | 10,231,585.99 | 100% | 1,699.46 | 0% |
| Title 3 - Operational expenditure | | | 1.00 | | | |
| 3100 | Expenditure on studies | 1,155,362.55 | 1,155,362.55 | | 0.00 | 0% |
| 3300 | SAB operational expenditure | 1,350,000.00 | 1,350,000.00 | | 189.52 | 0% |
| | Total for title 3 | 2,505,362.55 | 2,505,362.55 | | 189.52 | 0% |
| TOTAL GSA OWN BUDGET T1+T2+T3 | | 12,738,648.00 | 12,736,948.54 | | 1,888.98 | 0.0% |

In relation to 2012 payment appropriations (Table 4), execution rate was also of 99.99%. This execution rate incorporates the non automatic carry forward of payment appropriations (377,704.41 EUR) adopted by the Administrative Board on 14 February 2013 for maximising the use of the remaining payment credits in title 3.



Table 4: Execution of C1 payment appropriations 2012, in EUR

| Budget line | Heading | PAYMENT APPROPRIATIONS BUDGETED 2012 | Payment Appropriations (PAs) | | | |
|---|------------------------------------|--------------------------------------|------------------------------|-------------|-----------------|-----------|
| | | | EXECUTED | % | UNSPENT | % |
| Title 1 - Staff expenditure | | | | | | |
| 1100 | Staff expenditure | 4,446,122.41 | 4,446,122.41 | 100% | 0.00 | 0% |
| 1200 | Recruitment costs | 107,000.00 | 107,000.00 | 100% | 0.00 | 0% |
| 1300 | Missions and travel | 519,251.51 | 519,251.51 | 100% | 0.00 | 0% |
| 1400 | Training expenditure | 72,206.18 | 72,206.18 | 100% | 0.00 | 0% |
| 1700 | Representation expenditure | 2,106.36 | 2,106.36 | 100% | 0.00 | 0% |
| 1800 | Tuition fees | 210,500.00 | 210,500.00 | 100% | 0.00 | 0% |
| 1900 | Prague relocation staff allowances | 288,568.54 | 288,568.54 | 100% | 0.00 | 0% |
| | Total for title 1 | 5,645,755.00 | 5,645,755.00 | 100% | 0.00 | 0% |
| Title 2 - Administrative expenditure | | | | | | |
| 2000 | Rental of buildings | 831,505.00 | 831,505.00 | 100% | 0.00 | 0% |
| 2100 | Data processing | 2,608,500.00 | 2,606,800.54 | 100% | 1,699.46 | 0% |
| 2200 | Movable property | 258,928.86 | 258,928.86 | 100% | 0.00 | 0% |
| 2300 | Current administrative costs | 788,352.49 | 788,352.49 | 100% | 0.00 | 0% |
| 2400 | Postage and telecommunication | 50,000.00 | 50,000.00 | 100% | 0.00 | 0% |
| 2500 | Meetings | 50,244.10 | 50,244.10 | 100% | 0.00 | 0% |
| | Total for title 2 | 4,587,530.45 | 4,585,830.99 | 100% | 1,699.46 | 0% |
| | Total for titles 1 and 2 | 10,233,285.45 | 10,231,585.99 | 100% | 1,699.46 | 0% |
| Title 3 - Operational expenditure | | | | | | |
| 3100 | Expenditure on studies | 2,121,458.80 | 2,121,458.80 | | 0.00 | 0% |
| 3300 | SAB operational expenditure | 570,705.13 | 570,705.13 | | 0.00 | 0% |
| | Total for title 3 | 2,692,163.93 | 2,692,163.93 | | 0.00 | 0% |
| TOTAL GSA OWN BUDGET T1+T2+T3 | | 12,925,449.38 | 12,923,749.92 | | 1,699.46 | 0% |

CHAPTER 3

APPROPRIATIONS ARISING FROM EARMARKED REVENUE – DELEGATION AGREEMENTS WITH THE EUROPEAN COMMISSION

The GSA continued to manage delegated appropriations by the Commission during 2012. On top of previously on-going delegated activities, a new delegation agreement was signed in May 2012. This delegation agreement comprises tasks for the preparation of EGNOS and Galileo exploitation, PRS development and contribution to APPAP activities. The delegation agreement was signed for a maximum amount of EUR 34,424,000 EUR, to cover commitments in 2012 and 2013.

FP6 last 3 remaining projects (budget lines 3904 and 3900) continued their closure process. Ex-post controls on FP6 grants were finalised and reported to the European Commission in



2012, with due recoveries to be made in early 2013. After that, the balance in the budget lines will be transferred back to the European Commission (2013).

FP7 1st and 2nd calls generated 5,198,266.68 EUR in payments during 2012. By the end of 2012, all FP7 1st call grants had been closed. For FP7 2nd call, 25 projects had been finalised by 31/12/2012, while 12 of them are undergoing administrative closure (final payment pending due to on-going ex-ante verification in 2013). 4 projects are still on-going (three of them will be finalised by the end of 2013 and one in 2014).

In relation to the FP7 3rd call, the GSA concluded 39 grant agreements for a total amount of 29,666,484 EUR. 15,950,926.81 EUR worth of pre-financing instalments were paid in 2012 to beneficiaries. All FP7 3rd call activity is progressing according to plan.

Certain delays in the procurement preparations of the projects to be financed under the PRS Delegation Agreement kept the commitment and payment activity in this budget line at zero. On the development of PRS receivers, the GSA launched a call for tender in 2012 aiming at the development and delivery of 20 PRS pre-operational receivers. Budget allocated to this tender is 11 M€. On the setting up of the Galileo Security Monitoring Centres, the GSA also worked on the tender for the award of a framework contract which should cover the necessary support for the GSMC operations engineering and the technical reviews of equipment design and development. Budget allocated to this tender is 600,000 EUR. Both contracts should be awarded in the first I Quarter of 2013.

During 2012, new payment appropriations were received by the GSA from the European Commission, as stipulated in the delegation agreements. These were:

- For the new Exploitation delegation agreement signed in May 2012, an amount of 5,163,600 EUR was transferred to the GSA in payment credits;
- For the FP7 grants, 3rd call (budget line 3917): 900,000 EUR received in 2012 in addition to the 16,717,021 EUR already transferred in 2011. The increase was due to an amendment of the delegation agreement which raised the overall level of commitment appropriations made available to the Agency;
- For the PRS Delegation Agreement (budget line 3918): No further payment appropriations received;
- For the FP7 1st and 2nd calls, (budget line 3913), 1,781,604 EUR.

Table 5: Overview of earmarked revenue during 2012, in EUR

| Budget line | Activity | CAs 2012 | 2012 open commitments | 2012 available payment appropriations | Payments made during 2012 |
|-------------|---|---------------|-----------------------|---------------------------------------|---------------------------|
| 3904 | FP6 2 nd call | 3,118,187.59 | 1,197,212 | 3,118,187.59 | 220,640.2 |
| 3900 | FP6 3 rd call | 1,144,672 | 635,562 | 1,144,672 | 36,559.8 |
| 3913 | FP7 1 st & 2 nd calls | 11,292,818.76 | 11,224,692.28 | 8,819,096.59 | 5,198,266.68 |
| 3917 | FP7 3 rd call | 31,200,000 | 29,666,484 | 17,617,021 | 15,950,926.81 |
| 3918 | PRS DA | 11,600,000 | 0 | 5,800,000 | 0 |
| 3919 | DA Exploitation | 34,424,000 | 2,746,874.65 | 5,163,600 | 991,482.2 |



CHAPTER 4

PAYMENT APPROPRIATIONS CARRIED OVER FROM 2011 TO 2012 AND CARRIED OVER FROM 2012 TO 2013

No payments appropriations (C2) were carried over from 2011 to 2012, in the meaning of Article 10, paragraphs 1 and 4 of the GSA Financial Regulation.

Payment appropriations for the amount of 377,704.41 EUR were carried over (non automatic carry over) from 2012 to 2013 to maintain the GSA's payment capacity on existing legal obligations.



CHAPTER 5 ANALYSIS ON OUTSTANDING COMMITMENTS

This chapter summarises the evolution of outstanding commitment balances during 2012 by budget line and title (Table 6). Regarding budget line 1100 (Staff costs), cancellations were related to the C1 credits becoming automatically C9 on that budget line in the following year. Regarding budget lines 1200, 1300, 1400, 1700, 1800, 1900, 2000, 2100, 2300 and 2500, cancellations were related to C8 credits becoming automatically C9 in the following year on HR and administrative expenditure budget lines.

Regarding budget lines 3100 and 3300, cancellations were related to de-commitments performed in 2012.

Table 6: Overview of outstanding balances at the end of 2012, in EUR

| Budget line | Description | (a) Outstanding balances as of 01/01/2012 | (b) Payments on outstanding balances in 2012 | (c) New 2012 commitments | (d) Payments on new 2012 commitments | (e) Cancellations in 2012 | (f)=(a)-(b)+(c)-(d)-(e) Outstanding balances as of 31/12/2012 |
|-------------|----------------------|--|---|-----------------------------|---|------------------------------|--|
| 1100 | Staff costs | 0.00 | 0.00 | 4,446,122.41 | 4,446,122.41 | 0.00 | 0.00 |
| 1200 | Recruitment | 24,757.55 | 13,610.33 | 107,000.00 | 104,585.46 | 11,147.22 | 2,414.54 |
| 1300 | Missions | 21,109.43 | 21,109.43 | 519,251.51 | 467,432.11 | 0.00 | 51,819.40 |
| 1400 | Training | 9,751.76 | 8,515.50 | 72,206.18 | 56,318.12 | 1,236.26 | 15,888.06 |
| 1700 | Representation | 0.00 | 0.00 | 2,106.36 | 2,106.36 | 0.00 | 0.00 |
| 1800 | Tuition fees | 0.00 | 0.00 | 210,500.00 | 130,461.26 | 0.00 | 80,038.74 |
| 1900 | Removal costs | 0.00 | 0.00 | 288,568.54 | 288,568.54 | 0.00 | 0.00 |
| | Total title 1 | 55,618.74 | 43,235.26 | 5,146,686.46 | 5,076,564.46 | 12,383.48 | 150,160.74 |
| 2000 | Rent | 0.00 | 0.00 | 831,505.00 | 637,582.19 | 0.00 | 193,922.81 |
| 2100 | Data processing | 186,358.24 | 185,002.58 | 2,606,800.54 | 1,559,742.81 | 1,355.66 | 1,047,057.73 |
| 2200 | Movable property | 4,980.00 | 4,980.00 | 258,928.86 | 171,982.72 | 0.00 | 86,946.14 |
| 2300 | Current admin costs | 106,068.21 | 106,068.21 | 788,352.49 | 440,048.37 | 0.00 | 348,304.12 |
| 2400 | Post/telecom | 7,200.12 | 7,200.12 | 50,000.00 | 5,697.85 | 0.00 | 44,302.15 |
| 2500 | Meetings | 8,720.53 | 8,720.53 | 50,244.10 | 46,737.21 | 0.00 | 3,506.89 |
| | Total title 2 | 313,327.10 | 311,971.44 | 4,585,830.99 | 2,861,791.15 | 1,355.66 | 1,724,039.84 |
| 3100 | Operations & studies | 1,596,504.15 | 1,376,868.68 | 1,155,362.55 | 372,741.68 | 0.00 | 1,002,256.34 |
| 3300 | SAB costs | 449,917.78 | 330,998.39 | 1,349,810.48 | 233,850.77 | 0.00 | 1,234,879.10 |
| | Total title 3 | 1,596,504.15 | 1,376,868.68 | 2,505,173.03 | 606,592.45 | 0.00 | 2,237,135.44 |
| | Totals | 1,965,449.99 | 1,732,075.38 | 12,237,690.48 | 8,544,948.06 | 13,739.14 | 4,111,336.02 |



CHAPTER 6 STAFF AND ESTABLISHMENT PLAN FOR 2012

An overview of all staff employed by the GSA during 2012 is provided in Table 7. Moreover, the detailed implementation of the GSA's establishment plan is also provided in Table 8.

Table 7: Evolution of GSA Staff in 2012

| Human Resources | 2012 | |
|---------------------------------------|--------------------------------|----------------------------------|
| | Authorised under the EU Budget | Actually filled as of 31/12/2012 |
| Establishment plan posts: AD | 39 | 39 |
| Establishment plan posts: AST | 5 | 5 |
| Total Establishment plan posts | 44 | 44 |
| Contract Agents | 13 | 27 |
| Seconded National Experts | 4 | 0 |
| Total staff | 61 | 71 |

Table 8: Establishment plan in 2012

| Function group and grade | 2012 | | | |
|--------------------------|--------------------------------|-----------------|-----------------------------|-----------------|
| | Authorised under the EU Budget | | Filled as of 31/12/2012 (*) | |
| | Permanent posts | Temporary Posts | Permanent posts | Temporary Posts |
| AD 16 | | | | |
| AD 15 | | | | |
| AD 14 | | 1 | | 1 |
| AD 13 | | | | 0 |
| AD 12 | | | | 1 |
| AD 11 | | 3 | | 3 |
| AD 10 | | 3 | | 2 |
| AD 9 | | 4 | | 4 |
| AD 8 | | 6 | | 7 |
| AD 7 | | 17 | | 15 |
| AD 6 | | 4 | | 4 |
| AD 5 | | 1 | | 2 |
| AD total | | 39 | | 39 |
| AST 11 | | | | |
| AST 10 | | | | |
| AST 9 | | | | |
| AST 8 | | | | |
| AST 7 | | | | |
| AST 6 | | | | |
| AST 5 | | 2 | | 1 |
| AST 4 | | 1 | | 1 |
| AST 3 | | 2 | | 2 |
| AST 2 | | | | 1 |
| AST 1 | | | | |
| AST total | | 5 | | 5 |
| GRAND TOTAL | 44 | | 44 | |

Despite the relocation to Prague, the staff turnover experienced during 2012 was very low, compared to previous years. The Agency managed to have replaced all parting staff members by 31/12/2012.

PART II

CHAPTER 7

FINANCIAL AND ACCOUNTING SYSTEMS

Since September 2012, and given the multi-location environment under which the Agency is operating (offices and staff spread out in three EU countries), Paperless, an electronic workflow validation system developed for the GSA has been introduced to carry out all financial transactions in the Agency. No paper is used since September to sign, verify and file financial transactions. Paperless is used together with the standard EU financial tools, like ABAC (budgetary management) ABAC SAP (accounting), ABAC Assets (management of fixed assets) and ABAC DTW (financial reporting tool).

The GSA uses ABAC system, hosted by the Commission, for its budget accounts and for the purposes of its budgetary management i.e. commitment and payment transactions. From this system and together with the use of Business Objects reporting tool, reports on financial management and budget execution are produced.

The general accounts are maintained by the SAP system which is managed and hosted by the Commission.

The GSA uses ABAC Assets system to manage and account for its fixed assets.

CHAPTER 8

FINANCIAL MANAGEMENT

Initiated in 2011, the GSA continued in 2012 to review and improve its existing financial procedures. The result of this review in 2012 produced the following improvements:

1. From March 2012, new financial validation circuits were implemented;

The purpose was to maximize the efficiency of the financial processes in GSA and to fully comply with the Financial Regulation, the guidelines issued by the Commission and all other good common practices for EU regulatory agencies.

The main changes introduced by the new circuits were as follows:

- Separation of the financial circuits for commitments and for payments (risk factor): only commitments over 25,000 euros are to be authorized by the Executive Director
- Simplified procurement under €25,000 leading to an accelerated validation and approval process in order to handle more efficiently low value procurement
- The Authorising Officer by Delegation act as Authorising Officer for commitments up to 25,000 euros and all payments



- Per type of transaction (commitment, payment, mission reimbursement, etc.), the first half page of the checklist will include the list of the documents which should be added in the signataire to make the process effective
- Improved regular financial reporting to Executive Director and senior management
- Single financial archiving point: tender files, contracts, payments, etc.

2. New GSA mission and mission expenditure guidelines were put in place, together with streamlined processes to simplify and reduce the resources devoted to mission management; The administration of mission expenses at the GSA used to be a heavy process both in terms of actors involved and time employed by those actors. The computation of the reimbursement of expenses has been done by PMO and upon receipt of this computation a second independent computation has been done by the Financial Verifying Agent to take into account any derogation.

The new mission rules and procedures include ad-hoc financial circuits for mission orders and expenditure reports to improve efficiency and partially decentralise its management. Below are the underlying assumptions:

3. Improvements and new guidelines in the areas of grants and procurement were communicated to all new grant beneficiaries and applied to all grants signed in 2012.

In addition, a new format of GSA's Annual Activity Report (AAR) and Annual Work Programme (AWP) has been drafted. The new structure and content of these documents are based on recommendations, compliance and methodologies issued by DG BUDGET for the Commission's own Annual Activity Report and Annual Work Programme. A media friendly AAR has also been produced.