



## **REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT IN 2010**

## **INTRODUCTION**

The purpose of this report is to present a synthesis of the budgetary and financial management of appropriations managed by the European GNSS Agency (GSA) in 2010.

### **1. 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".

### **2. CONTENTS OF THE 2010 REPORT**

This report is has five chapters.

Chapter 1 summarises the stages of the budgetary procedure 2010, from the budget requested by the Agency to the voted budget made available at the beginning of the year 2010.

Chapter 2 describes the evolution of the total authorised appropriations during the financial year, in particular the main adjustments made to the voted budget (carry-overs, amending budgets, transfers) and the reasons for these adjustments. This chapter includes the appropriations arising from earmarked revenue.

Chapter 3 analyses the budget implementation per budget title.

Chapter 4 presents an analysis of the evolution outstanding commitments.

Chapter 5 concludes the report by summarising the budgetary implications of the transfer of activities from the GSA to the European Commission.

## CHAPTER 1

### ESTABLISHING THE BUDGET 2010

#### 1 FROM THE PRELIMINARY DRAFT BUDGET TO THE VOTED BUDGET

**Table 1: Evolution of the Agency's budget 2010 – commitment and payment appropriations are identical – figures in €**

Budget line	Heading	Requested by the Agency	PDB 2010 presented by the Commission	Budget 2010 voted by Parliament and Council
<b>REVENUE</b>				
2000	Operating subsidy from the Commission	9,960,000	7,890,000	7,890,000
<b>Total revenue</b>		<b>9,960,000</b>	<b>7,890,000</b>	<b>7,890,000</b>
<b>EXPENDITURE</b>				
<b>Title 1 - Staff</b>				
1100	Staff expenditure	4,160,000	3,760,000	3,650,000
1200	Recruitment costs	220,000	140,000	80,000
1300	Missions and travel	300,000	270,000	270,000
1400	Training expenditure	100,000	80,000	80,000
1700	Representation expenditure	20,000	20,000	10,000
<b>Total for title 1</b>		<b>4,800,000</b>	<b>4,270,000</b>	<b>4,090,000</b>
<b>Title 2 - Administrative expenditure</b>				
2000	Rental of buildings	610,000	550,000	590,000
2100	Data processing	590,000	510,000	530,000
2200	Movable property	30,000	30,000	10,000
2300	Current administrative costs	220,000	170,000	130,000
2400	Postage and telecommunication costs	p.m.	p.m.	20,000
2500	Expenditure on meetings	190,000	160,000	120,000
2600	Other administrative expenditure	p.m.	p.m.	p.m.
<b>Total for title 2</b>		<b>1,640,000</b>	<b>1,420,000</b>	<b>1,400,000</b>
<b>Total for titles 1 and 2</b>		<b>6,440,000</b>	<b>5,690,000</b>	<b>5,490,000</b>
<b>Title 3 - Operational expenditure</b>				
3100	Expenditure on studies	3,420,000	2,100,000	2,350,000
3200	Publication and translation costs	100,000	100,000	50,000
<b>Sub-total for lines 3100 and 3200</b>		<b>3,520,000</b>	<b>2,200,000</b>	<b>2,400,000</b>
<b>Total expenditure</b>		<b>9,960,000</b>	<b>7,890,000</b>	<b>7,890,000</b>

On 10 February 2009, the GSA communicated to the Commission its budgetary needs in the form of a *fiche financière*. Following this, the Commission communicated to the GSA informally a downward adjustment of €2,070,000 to the initially requested budget. The Administrative Board approved the Draft Estimate of Revenue and Expenditure for 2010, which equalled the Commission's PDB, on 19 March 2009.

After the second reading, the Budgetary Authority finally established the 2010 subsidy for the Agency at €7,890,000, split into €5,490,000 for administrative expenses and €2,400,000 for operational expenses.

## CHAPTER 2

### EVOLUTION OF THE BUDGET 2010

#### 1 OVERVIEW

The changes of the Agency's budget 2010 that took place during the year are summarised in Table 2.

The budget underwent one amendment by the Administrative Board described in detail in section 3 of this chapter. Additionally, by decision of the Executive Director, two transfers were made from one budget line to another as detailed in section 4.

Also in the context of the delegation received from the European Commission for the implementation of the 7<sup>th</sup> Framework Programme of R&D (FP7), the budget had to be amended to include the amount of appropriations made available by the Commission. This is detailed in section 5 of this chapter, presenting the final authorised appropriations of the year 2010.

The final amount of subsidy made available to the Agency was €7,890,000. The Agency also received further €7,162,833 from the European Commission under the delegation for the implementation of 7<sup>th</sup> Framework Programme.

#### 2 CARRY-OVERS FROM 2010 TO 2011

In accordance with Article 10, paragraphs 1 and 4 of the GSA Financial Regulation, payment appropriations in the amount of €1,262,000 were carried over to 2011. This non-automatic carry-over was approved by the GSA Administrative Board on 7 February 2011, through written procedure. The purpose of this non-automatic carry-over was to maintain the GSA's payment capacity on existing legal obligations and on the future legal obligations to be entered into during 2011 related to budget line 3100 "*Expenditure on studies*".

**Table 2: Evolution of the Agency's Budget in 2010 (commitment and payment appropriations) – figures in €**

Table 2 continues on the following page

Budget line	Heading	Adopted budget 2010 (AB21) 19/11/09		Transfer 1/2010 (15/06/10)		Budget 2010 after Transfer 01/2010		1st Amendment (AB25) 23/06/10		1st Amending Budget	
		CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
	<b>REVENUE</b>										
2000	Operating subsidy from the Commission	7,890,000				7,890,000		800,000		8,690,000	
2008	Operational funds from the Commission										
2009	Transfer from the Galileo Joint Undertaking										
9000	Miscellaneous revenue										
	<b>Total revenue</b>	<b>7,890,000</b>				<b>7,890,000</b>		<b>800,000</b>		<b>8,690,000</b>	
	<b>EXPENDITURE</b>										
	<b>Title 1 - Staff</b>										
1100	Staff expenditure	3,650,000	3,650,000	-150,000	-150,000	3,500,000	3,500,000			3,500,000	3,500,000
1200	Recruitment costs	80,000	80,000			80,000	80,000			80,000	80,000
1300	Missions and travel	270,000	270,000			270,000	270,000			270,000	270,000
1400	Training expenditure	80,000	80,000			80,000	80,000			80,000	80,000
1700	Representation expenditure	10,000	10,000			10,000	10,000			10,000	10,000
	<b>Total for title 1</b>	<b>4,090,000</b>	<b>4,090,000</b>	<b>-150,000</b>	<b>-150,000</b>	<b>3,940,000</b>	<b>3,940,000</b>			<b>3,940,000</b>	<b>3,940,000</b>
	<b>Title 2 - Administrative expenditure</b>										
2000	Rental of buildings	590,000	590,000			590,000	590,000			590,000	590,000
2100	Data processing	530,000	530,000			530,000	530,000			530,000	530,000
2200	Movable property	10,000	10,000			10,000	10,000			10,000	10,000
2300	Current administrative costs	130,000	130,000	150,000	150,000	280,000	280,000			280,000	280,000
2400	Postage and telecommunication costs	20,000	20,000			20,000	20,000			20,000	20,000
2500	Expenditure on meetings	120,000	120,000			120,000	120,000			120,000	120,000
2600	Other administrative expenditure	p.m.	p.m.			p.m.	p.m.			p.m.	p.m.
	<b>Total for title 2</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>150,000</b>	<b>150,000</b>	<b>1,550,000</b>	<b>1,550,000</b>			<b>1,550,000</b>	<b>1,550,000</b>
	<b>Total for titles 1 and 2</b>	<b>5,490,000</b>	<b>5,490,000</b>			<b>5,490,000</b>	<b>5,490,000</b>			<b>5,490,000</b>	<b>5,490,000</b>
	<b>Title 3 - Operational expenditure</b>										
3100	Expenditure on studies	2,350,000	2,350,000			2,350,000	2,350,000	800,000		2,350,000	3,150,000
3200	Publication and translation costs	50,000	50,000			50,000	50,000			50,000	50,000
	<b>Sub-total for lines 3100 and 3200</b>	<b>2,400,000</b>	<b>2,400,000</b>			<b>2,400,000</b>	<b>2,400,000</b>	<b>800,000</b>		<b>2,400,000</b>	<b>3,200,000</b>
3900	6th Framework Programme - 3rd call										
3901	Concession activities										
3902	In-Orbit Validation phase										
3903	EGNOS										
3904	6th Framework Programme - 2nd call										
3905	MEDA										
3906	Galileo Security Monitoring Centre (GSMC)										
3907	International activities										
3908	Joint Research Centre										
3909	Technical support provided by ESA										
3910	Certification activities										
3911	Matimop										
3912	NRSCC										
3913	7th Framework Programme	p.m.	p.m.			p.m.	p.m.			p.m.	p.m.
3914	Deployment phase Galileo										
3915	EGNOS second grant										
3916	MEDA II										
	<b>Sub-total for operational activities</b>										
	<b>Total for title 3</b>	<b>2,400,000</b>	<b>2,400,000</b>			<b>2,400,000</b>	<b>2,400,000</b>	<b>800,000</b>		<b>2,400,000</b>	<b>3,200,000</b>
	<b>Total expenditure</b>	<b>7,890,000</b>	<b>7,890,000</b>			<b>7,890,000</b>	<b>7,890,000</b>	<b>800,000</b>		<b>7,890,000</b>	<b>8,690,000</b>



Budget line	Heading	Transfer 2/2010 (10/08/10)		1st Amending Budget after Transfer 2/2010		Payment appropriations for FP7 (25/08/10)		1 Amending Budget after Transfer 02/2009 and 1st		Payment appropriations for FP7 (24/11/10)		Final Budget	
		CA	PA	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
	<b>REVENUE</b>												
2000	Operating subsidy from the Commission			8,690,000				8,690,000				8,690,000	
2008	Operational funds from the Commission					2,606,675		2,606,675		4,556,158		7,162,833	
2009	Transfer from the Galileo Joint Undertaking												
9000	Miscellaneous revenue												
	<b>Total revenue</b>			<b>8,690,000</b>		<b>2,606,675</b>		<b>11,296,675</b>		<b>4,556,158</b>		<b>15,852,833</b>	
	<b>EXPENDITURE</b>												
	<b>Title 1 - Staff</b>												
1100	Staff expenditure	-55,000	-55,000	3,445,000	3,445,000			3,445,000	3,445,000			3,445,000	3,445,000
1200	Recruitment costs			80,000	80,000			80,000	80,000			80,000	80,000
1300	Missions and travel			270,000	270,000			270,000	270,000			270,000	270,000
1400	Training expenditure			80,000	80,000			80,000	80,000			80,000	80,000
1700	Representation expenditure			10,000	10,000			10,000	10,000			10,000	10,000
	<b>Total for title 1</b>	<b>-55,000</b>	<b>-55,000</b>	<b>3,885,000</b>	<b>3,885,000</b>			<b>3,885,000</b>	<b>3,885,000</b>			<b>3,885,000</b>	<b>3,885,000</b>
	<b>Title 2 - Administrative expenditure</b>												
2000	Rental of buildings			590,000	590,000			590,000	590,000			590,000	590,000
2100	Data processing			530,000	530,000			530,000	530,000			530,000	530,000
2200	Movable property			10,000	10,000			10,000	10,000			10,000	10,000
2300	Current administrative costs			280,000	280,000			280,000	280,000			280,000	280,000
2400	Postage and telecommunication costs			20,000	20,000			20,000	20,000			20,000	20,000
2500	Expenditure on meetings	55,000	55,000	175,000	175,000			175,000	175,000			175,000	175,000
2600	Other administrative expenditure			p.m.	p.m.			p.m.	p.m.			p.m.	p.m.
	<b>Total for title 2</b>	<b>55,000</b>	<b>55,000</b>	<b>1,605,000</b>	<b>1,605,000</b>			<b>1,605,000</b>	<b>1,605,000</b>			<b>1,605,000</b>	<b>1,605,000</b>
	<b>Total for titles 1 and 2</b>			<b>5,490,000</b>	<b>5,490,000</b>			<b>5,490,000</b>	<b>5,490,000</b>			<b>5,490,000</b>	<b>5,490,000</b>
	<b>Title 3 - Operational expenditure</b>												
3100	Expenditure on studies			2,350,000	3,150,000			2,350,000	3,150,000			2,350,000	3,150,000
3200	Publication and translation costs			50,000	50,000			50,000	50,000			50,000	50,000
	<b>Sub-total for lines 3100 and 3200</b>			<b>2,400,000</b>	<b>3,200,000</b>			<b>2,400,000</b>	<b>3,200,000</b>			<b>2,400,000</b>	<b>3,200,000</b>
3900	6th Framework Programme - 3rd call												
3901	Concession activities												
3902	In-Orbit Validation phase												
3903	EGNOS												
3904	6th Framework Programme - 2nd call												
3905	MEDA												
3906	Galileo Security Monitoring Centre (GSMC)												
3907	International activities												
3908	Joint Research Centre												
3909	Technical support provided by ESA												
3910	Certification activities												
3911	Matimop												
3912	NRSCC												
3913	7th Framework Programme			p.m.	p.m.	2,606,675		2,606,675		4,556,158		7,162,833	
3914	Deployment phase Galileo												
3915	EGNOS second grant												
3916	MEDA II												
	<b>Sub-total for operational activities</b>					<b>2,606,675</b>		<b>2,606,675</b>		<b>4,556,158</b>		<b>7,162,833</b>	
	<b>Total for title 3</b>			<b>2,400,000</b>	<b>3,200,000</b>	<b>2,606,675</b>		<b>2,400,000</b>	<b>5,806,675</b>	<b>4,556,158</b>		<b>2,400,000</b>	<b>10,362,833</b>
	<b>Total expenditure</b>			<b>7,890,000</b>	<b>8,690,000</b>	<b>2,606,675</b>		<b>7,890,000</b>	<b>11,296,675</b>	<b>4,556,158</b>		<b>7,890,000</b>	<b>15,852,833</b>

### **3 AMENDMENTS**

The 2010 budget, adopted by the Administrative Board on 19 November 2009, was amended once.

The amendment was voted by the Administrative Board on 23 June 2010. It reflected a decision from DG ENTR (letter with ref. ENTR/F6/OL/ap D(2010)360971) to reinforce GSA's payment appropriations on budget line 3100 "*Expenditure for studies*" by €800,000. The purpose of this reinforcement was to maintain payment capacity on commitments carried over from previous years and on those entered into in 2010.

### **4 TRANSFERS**

Two transfers were made in 2010 based on Article 23(1) of the GSA Financial Regulation.

On 15 June 2010, the Executive Director decided to transfer €150,000 from budget line 1100 "*Staff expenditure*" to budget line 2300 "*Current administrative costs*". This was done in order to finance the cost of legal support for the Legal Department due to staff shortages in that department, ie. the Head of Legal Department being appointed as Executive Director ad interim with effect from 1 July 2010 and the positions of Contracts and Procurement Officer being vacant.

On 10 August 2010, the Executive Director decided to transfer €55,000 from budget line 1100 "*Staff expenditure*" to budget line 2500 "*Expenditure on meetings*". This transfer was done in order to provide for the costs of meetings of the newly-created Security Accreditation Board and the related special bodies, which had not been budgeted for in the original budget for 2010.

### **5 EARMARKED REVENUE AND FINAL AVAILABLE APPROPRIATIONS FOR THE YEAR 2010**

In the original 2010 budget adopted by the Administrative Board, token entries "p.m." appeared on budget line 3913 "*7th Framework Programme*", anticipating possible receipt of appropriations on this budget line.

On 25 August and 24 November 2010, the GSA received pre-financing from the European Commission amounting to €2,606,675 and €4,556,158 respectively in accordance with the 7<sup>th</sup> Framework Programme Delegation Agreement (*Implementation of the Specific Programme "Cooperation", theme nr. 7 "Transport including aeronautics", sub-theme Galileo, by the European GNSS Supervisory Authority*). In accordance with Article 18 of the GSA Financial Regulation, Article 10(2) of the Implementing Rules of the Framework Financial Regulation, the receipt of these earmarked revenues created payment appropriations on budget line 3913 "*7<sup>th</sup> Framework Programme*" (revenue line 2008 "*Operational funds from the Commission*").

Table 3 shows the variance between the final budget and the actual appropriations created based on the amounts received by the Agency.

The variance on line 9000 "*Miscellaneous revenue*" of €106,627.33 represents the interest received by the Agency on its bank accounts.

**Table 3: Final authorised appropriations of the Agency – figures in €**

Budget line	Heading	Final budget for 2010		Final appropriations created in 2010		Variance	
		Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations
	<b>REVENUE</b>						
2000	Operating subsidy from the Commission	8,690,000		8,690,000			
2008	Operational funds from the Commission	7,162,833		7,162,833			
2009	Transfer from the Galileo Joint Undertaking						
9000	Miscellaneous revenue			106,627.33		-106,627.33	
	<b>Total revenue</b>	<b>15,852,833</b>		<b>15,959,460.33</b>		<b>-106,627.33</b>	
	<b>EXPENDITURE</b>						
	<b>Title 1 - Staff</b>						
1100	Staff expenditure	3,445,000.00	3,445,000.00	3,445,000.00	3,445,000.00		
1200	Recruitment costs	80,000.00	80,000.00	80,000.00	80,000.00		
1300	Missions and travel	270,000.00	270,000.00	270,000.00	270,000.00		
1400	Training expenditure	80,000.00	80,000.00	80,000.00	80,000.00		
1700	Representation expenditure	10,000.00	10,000.00	10,000.00	10,000.00		
	<b>Total for title 1</b>	<b>3,885,000.00</b>	<b>3,885,000.00</b>	<b>3,885,000.00</b>	<b>3,885,000.00</b>		
	<b>Title 2 - Administrative expenditure</b>						
2000	Rental of buildings	590,000.00	590,000.00	590,000.00	590,000.00		
2100	Data processing	530,000.00	530,000.00	530,000.00	530,000.00		
2200	Movable property	10,000.00	10,000.00	10,000.00	10,000.00		
2300	Current administrative costs	280,000.00	280,000.00	280,000.00	280,000.00		
2400	Postage and telecommunication costs	20,000.00	20,000.00	20,000.00	20,000.00		
2500	Expenditure on meetings	175,000.00	175,000.00	175,000.00	175,000.00		
2600	Other administrative expenditure						
	<b>Total for title 2</b>	<b>1,605,000.00</b>	<b>1,605,000.00</b>	<b>1,605,000.00</b>	<b>1,605,000.00</b>		
	<b>Total for titles 1 and 2</b>	<b>5,490,000.00</b>	<b>5,490,000.00</b>	<b>5,490,000.00</b>	<b>5,490,000.00</b>		
	<b>Title 3 - Operational expenditure</b>						
3100	Expenditure on studies	2,350,000.00	3,150,000.00	2,350,000.00	3,150,000.00		
3200	Publication and translation costs	50,000.00	50,000.00	50,000.00	50,000.00		
	<b>Sub-total for lines 3100 and 3200</b>	<b>2,400,000.00</b>	<b>3,200,000.00</b>	<b>2,400,000.00</b>	<b>3,200,000.00</b>		
3900	6th Framework Programme - 3rd call						
3901	Concession activities						
3902	In-Orbit Validation phase						
3903	EGNOS						
3904	6th Framework Programme - 2nd call						
3905	MEDA						
3906	Galileo Security Monitoring Centre (GSMe)						
3907	International activities						
3908	Joint Research centre						
3909	Technical support provided by ESA						
3910	Certification activities						
3911	Matimop						
3912	NRSee						
3913	7th Framework Programme		7,162,833.00		7,162,833.00		
3914	Deployment phase Galileo						
3915	EGNOS second grant						
3916	MEDA II						
	<b>Sub-total for operational activities</b>		<b>7,162,833.00</b>		<b>7,162,833.00</b>		
	<b>Total for title 3</b>	<b>2,400,000.00</b>	<b>10,362,833.00</b>	<b>2,400,000.00</b>	<b>10,362,833.00</b>		
	<b>Total expenditure</b>	<b>7,890,000.00</b>	<b>15,852,833.00</b>	<b>7,890,000.00</b>	<b>15,852,833.00</b>		



## CHAPTER 3

### EXECUTION OF THE BUDGET IN 2010

#### 1 BACKGROUND

The GSA managed to achieve a very good implementation of the budget in 2010 despite the challenges it was facing (transfer of activities to the European Commission, departure of the Executive Director, shortages of personnel etc.).

#### 2 OVERALL BUDGET EXECUTION

Table 4 provides an overview of the Agency's execution of the budget. Considering the part of the budget financed by the Community subsidy, Titles 1, 2 and 3 combined reached an execution of 97 percent for commitments and 76 percent for payments.

**Table 4: Summary budget execution 2010 – figures in € and %**

Heading	Final appropriations created in 2010		Execution in €		Execution in %		Execution in % (2009)	
	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	CA	PA	CA	PA
<b>EXPENDITURE</b>								
Title 1 - Staff	3,885,000.00	3,885,000.00	3,735,532.12	3,474,178.48	96%	89%	98%	93%
Title 2 - Administrative expenditure	1,605,000.00	1,605,000.00	1,584,968.76	1,249,037.68	99%	78%	94%	74%
<b>Total for titles 1 and 2</b>	<b>5,490,000.00</b>	<b>5,490,000.00</b>	<b>5,320,500.88</b>	<b>4,723,216.16</b>	<b>97%</b>	<b>86%</b>	<b>97%</b>	<b>87%</b>
Sub-total for lines 3100 and 3200 financed by EC subsidy	2,400,000.00	3,200,000.00	2,366,824.34	1,913,184.06	99%	60%	98%	97%
Sub-total for operational activities (earmarked revenue)	66,598,923.22	54,337,216.05	59,401,422.45	38,384,303.23	89%	71%	81%	54%
<b>Total for title 3</b>	<b>68,998,923.22</b>	<b>57,537,216.05</b>	<b>61,768,246.79</b>	<b>40,297,487.29</b>	<b>90%</b>	<b>70%</b>	<b>81%</b>	<b>55%</b>
<b>Total expenditure</b>	<b>74,488,923.22</b>	<b>63,027,216.05</b>	<b>67,088,747.67</b>	<b>45,020,703.45</b>	<b>90%</b>	<b>71%</b>	<b>82%</b>	<b>56%</b>
<b>For information: total expenditure financed by the operating subsidy</b>	<b>7,890,000.00</b>	<b>8,690,000.00</b>	<b>7,687,325.22</b>	<b>6,636,400.22</b>	<b>97%</b>	<b>76%</b>	<b>97%</b>	<b>91%</b>

#### 3 STAFF EXPENDITURE (TITLE 1)

**Table 5: Summary budget execution 2010 for Title 1 – figures in € and %**

Budget line	Heading	Final appropriations created in 2010		Execution in €		Execution in %		Execution in % (2009)	
		Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	CA	PA	CA	PA
	<b>EXPENDITURE</b>								
	<b>Title 1 - Staff</b>								
1100	Staff expenditure	3,445,000.00	3,445,000.00	3,342,500.00	3,158,634.53	97%	92%	100%	97%
1200	Recruitment costs	80,000.00	80,000.00	40,486.11	33,594.54	51%	42%	52%	47%
1300	Missions and travel	270,000.00	270,000.00	270,000.00	223,737.12	100%	83%	100%	88%
1400	Training expenditure	80,000.00	80,000.00	79,387.96	56,787.78	99%	71%	76%	34%
1700	Representation expenditure	10,000.00	10,000.00	3,158.05	1,424.51	32%	14%	27%	14%
	<b>Total for title 1</b>	<b>3,885,000.00</b>	<b>3,885,000.00</b>	<b>3,735,532.12</b>	<b>3,474,178.48</b>	<b>96%</b>	<b>89%</b>	<b>98%</b>	<b>93%</b>

Table 5 provides a breakdown of the budget execution for Title 1. The 96 percent execution for commitments and 89 percent execution for payments build upon the good results achieved already in 2009.

The difference in commitment and payment appropriations execution of budget line 1300 *"Missions and travel"* stems from the relatively high number of missions that took place in November and December 2010, for which the payments will be made in early 2011.

#### 4 ADMINISTRATIVE EXPENDITURE (TITLE 2)

**Table 6: Summary budget execution 2010 for Title 2 – figures in € and %**

Budget line	Heading	Final appropriations created in 2010		Execution in €		Execution in %		Execution in % (2009)	
		Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	CA	PA	CA	PA
	<b>EXPENDITURE</b>								
	<b>Title 2 - Administrative expenditure</b>								
2000	Rental of buildings	590,000.00	590,000.00	582,500.00	557,647.02	99%	95%	100%	100%
2100	Data processing	530,000.00	530,000.00	528,533.10	450,243.42	100%	85%	100%	57%
2200	Movable property	10,000.00	10,000.00	9,564.78	4,850.00	96%	49%	96%	96%
2300	Current administrative costs	280,000.00	280,000.00	280,000.00	139,695.36	100%	50%	100%	84%
2400	Postage and telecommunication costs	20,000.00	20,000.00	20,000.00	20,000.00	100%	100%	n.a.	n.a.
2500	Expenditure on meetings	175,000.00	175,000.00	164,370.88	76,601.88	94%	44%	53%	25%
2600	Other administrative expenditure	0.00	0.00	0.00	0.00	n.a.	n.a.	n.a.	n.a.
	<b>Total for title 2</b>	<b>1,605,000.00</b>	<b>1,605,000.00</b>	<b>1,584,968.76</b>	<b>1,249,037.68</b>	<b>99%</b>	<b>78%</b>	<b>94%</b>	<b>74%</b>

Table 6 provides a breakdown of the budget execution for Title 2. The impressive 99 percent execution for commitments and 78 percent execution for payments are a further improvement compared to the previous year.

Line 2300 *"Current administrative costs"* was fully executed in 2010. The initially budgeted amount for this line of €130,000 had to be reinforced by €150,000 transferred from budget line 1100 *"Staff expenditure"* (Transfer 01/2010) in order to cover the cost of additional legal support needed following the appointment of the Head of Legal Department as Executive Director ad interim.

Budget lines 2100 *"Data processing"* and 2400 *"Postage and telecommunication costs"* also had full execution in terms of commitment appropriations.

The execution on budget line 2500 *"Expenditure on meetings"* was considerably higher than in 2009. The initially budgeted amount for this line was €120,000. It had to be reinforced by €55,000 transferred from budget line 1100 *"Staff expenditure"* (Transfer 02/2010) in order to cover the costs of meetings of the newly-created Security Accreditation Board, which did not exist under the previous GSA Regulation.

## 5 OPERATIONAL EXPENDITURE (TITLE 3)

### 5.1 Operational expenditure financed by the Community subsidy (lines 3100 and 3200)

**Table 7: Summary budget execution 2010 for lines 3100 and 3200 – figures in € and %**

Budget line	Heading	Final appropriations created in 2010		Execution in €		Execution in %		Execution in % (2009)	
		Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	CA	PA	CA	PA
	<b>EXPENDITURE</b>								
	<b>Title 3 - Operational expenditure</b>								
3100	Expenditure on studies	2,350,000.00	3,150,000.00	2,340,198.19	1,887,866.56	100%	60%	99%	99%
3200	Publication and translation costs	50,000.00	50,000.00	26,626.15	25,317.50	53%	51%	44%	28%
	<b>Sub-total for lines 3100 and 3200</b>	<b>2,400,000.00</b>	<b>3,200,000.00</b>	<b>2,366,824.34</b>	<b>1,913,184.06</b>	<b>99%</b>	<b>60%</b>	<b>98%</b>	<b>97%</b>

The execution rate for the operational expenditure financed by the Community subsidy was 99 percent for commitments and 60 percent for payments, compared with 98 percent and 97 percent in 2009 respectively.

The utilisation of commitment appropriations of budget line 3100 "*Expenditure on studies*" reached the impressive level of 100 percent. The 60 percent execution of payment appropriations is lower than expected, explained by the fact that most appropriations were committed late in the year due to the delayed signature of the new framework (and subsequent specific contracts) for Security and Market Development activities by the GSA. It should be noted that the framework contracts have a multi-year life span, their signature was preceded by a lengthy and complex procurement procedure. This late implementation pattern of the budget for studies is not expected to happen again in 2011.

The commitment execution rate of 53 percent for 3200 "*Publication and translation costs*" is low due to the lower actual needs for publications and translations in 2010.

## **5.2 Operational expenditure financed by earmarked revenue (Title 3, budget lines 3900 to 3916)**

Table 8 summarises the annual execution of the operational expenditure financed by earmarked revenue (Title 3, chapter 39), illustrating 89 percent execution in terms of commitment and 71 percent in terms of payment appropriations.

Table 9 summarises the cumulative execution of the operational expenditure financed by earmarked revenue (Title 3, chapter 39). Cumulative execution here is defined as the execution of the available 2010 commitment and payment appropriations resulting from earmarked revenues irrespective of the year in which these appropriations were created (i.e. 2007, 2008, 2009 or 2010). Table 9 is also a follow-up of the earmarked funds (amounts received, executed and appropriations carried over to 2011). The outstanding balances on several of these budget lines will be transferred to the European Commission in 2011, as explained in chapter 5.

At the end of 2010, this operational expenditure shows an execution of 97 percent of the commitment appropriations and 93 percent of the available payment appropriations. A substantial part of these appropriations originate in agreements/contracts taken over from the Galileo Joint Undertaking, which transferred to the GSA the funds for the discharge of the corresponding obligations.

As mentioned in chapter 2, section 5 of this report, the operational funds received from the European Commission created payment appropriations on budget line 3913 "*7<sup>th</sup> Framework Programme*" amounting to €7,162,833.

**Table 8: Summary annual budget execution 2010 for lines 3900 to 3916 – Final appropriations created (including carry overs) in 2010 and their execution - figures in € and % - CA stands for "commitment appropriations" and PA for "payment appropriations"**

Budget line	Heading	Final appropriations created in 2010		Execution in €		Execution in %		Execution in % (2009)	
		Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	CA	PA	CA	PA
3900	6th Framework Programme - 3rd call	1,903,893.92	1,903,893.92	1,599,990.18	759,222.33	84%	40%	94%	43%
3901	Concession activities	2,418,185.63	2,418,185.63	2,418,185.63	2,418,185.63	100%	100%	4%	100%
3902	In-Orbit Validation phase	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	100%	100%	86%	14%
3903	EGNOS	69,852.13	69,852.13	69,852.13	69,852.13	100%	100%	76%	24%
3904	6th Framework Programme - 2nd call	5,383,749.47	5,383,749.47	3,662,357.00	2,030,192.00	68%	38%	89%	39%
3905	MEDA	1,109,014.23	1,109,014.23	1,089,718.00	1,089,718.00	98%	98%	100%	84%
3906	Galileo Security Monitoring Centre (GSMC)	0.00	0.00	0.00	0.00	n.a.	n.a.	n.a.	n.a.
3907	International activities	290,000.00	290,000.00	233,900.00	233,900.00	81%	81%	98%	57%
3908	Joint Research Centre	31,992.01	31,992.01	0.00	0.00	0%	0%	0%	100%
3909	Technical support provided by ESA	2,001,933.82	2,001,933.82	2,001,933.82	1,933.82	100%	0%	100%	100%
3910	Certification activities	1,711,300.00	1,711,300.00	1,711,300.00	1,711,300.00	100%	100%	73%	88%
3911	Matimop	4,458,000.00	4,458,000.00	0.00	0.00	0%	0%	0%	100%
3912	NRSCC	35,641.74	35,641.74	0.00	0.00	0%	0%	0%	100%
3913	7th Framework Programme	43,185,360.27	30,923,653.10	42,614,185.69	26,069,999.32	99%	84%	87%	60%
3914	Deployment phase Galileo	0.00	0.00	0.00	0.00	n.a.	n.a.	n.a.	n.a.
3915	EGNOS second grant	0.00	0.00	0.00	0.00	n.a.	n.a.	100%	0%
3916	MEDA II	0.00	0.00	0.00	0.00	n.a.	n.a.	0%	100%
	<b>Sub-total for operational activities (earmarked revenue)</b>	<b>66,598,923.22</b>	<b>54,337,216.05</b>	<b>59,401,422.45</b>	<b>38,384,303.23</b>	<b>89%</b>	<b>71%</b>	<b>90%</b>	<b>79%</b>

**Table 9: Summary cumulative budget execution 2010 for lines 3900 to 3916 – figures in € and % - CA stands for "commitment appropriations" and PA for "payment appropriations"**

Budget line	Heading	(a)		(b)		Cumulative execution 2010		(c)=(a)-(b)	
		Appropriations made available before or in 2010		Appropriations executed before or in 2010				2011 Estimated appropriations available for execution	
		CA	PA	CA	PA	CA	PA	CA	PA
	<b>EXPENDITURE</b>								
	<b>Title 3 - Operational expenditure</b>								
3900	6th Framework Programme - 3rd call	9,669,667	9,669,667	9,365,763	8,524,995	97%	88%	303,904	1,144,672
3901	Concession activities	4,058,924	4,058,924	4,058,924	4,058,924	100%	100%	0	0
3902	In-Orbit Validation phase	93,150,000	93,150,000	93,150,000	93,150,000	100%	100%	0	0
3903	EGNOS	5,759,868	5,759,868	5,759,868	5,759,868	100%	100%	0	0
3904	6th Framework Programme - 2nd call	47,387,312	47,387,312	45,665,919	44,033,754	96%	93%	1,721,392	3,353,557
3905	MEDA	2,651,655	2,651,655	2,632,359	2,632,359	99%	99%	19,296	19,296
3906	Galileo Security Monitoring Centre (GSMC)	699,570	699,570	699,570	699,570	100%	100%	0	0
3907	International activities	1,256,769	1,256,769	1,200,669	1,200,669	96%	96%	56,100	56,100
3908	Joint Research Centre	63,000	63,000	31,008	31,008	49%	49%	31,992	31,992
3909	Technical support provided by ESA	4,169,598	4,169,598	4,169,598	2,169,598	100%	52%	0	2,000,000
3910	Certification activities	2,000,000	2,000,000	2,000,000	2,000,000	100%	100%	0	0
3911	Matimop	4,458,000	4,458,000	0	0	0%	0%	4,458,000	4,458,000
3912	NRSCC	40,818	40,818	5,176	5,176	13%	13%	35,642	35,642
3913	7th Framework Programme	70,955,115	58,693,408	70,383,941	53,839,754	99%	92%	571,175	4,853,654
3914	Deployment phase Galileo	0	0	0	0	n/a	n/a	0	0
3915	EGNOS second grant	10,000,000	10,000,000	10,000,000	10,000,000	100%	100%	0	0
3916	MEDA II	0	0	0	0	n/a	n/a	0	0
	<b>Total expenditure funded by earmarked revenue</b>	<b>256,320,295</b>	<b>244,058,588</b>	<b>249,122,794</b>	<b>228,105,675</b>	<b>97%</b>	<b>93%</b>	<b>7,197,501</b>	<b>15,952,913</b>

## CHAPTER 4

### ANALYSIS OF OUTSTANDING COMMITMENTS EVOLUTION

**Table 10: Evolution of outstanding balances – figures in €**

Budget line	Heading	(a) Outstanding balances as of 1/1/10	(b) Payments on outstanding balances in 2010	(c) New commitments 2010	(d) Payments on new commitments 2010	(e) Cancellations 2010	(f)=(a)-(b)-(c)-(d)-(e) Outstanding balances as of 31/12/10
	<b>EXPENDITURE</b>						
	<b>Title 1 - Staff</b>						
1100	Staff expenditure			3,342,500.00	3,158,634.53	183,865.47	0.00
1200	Recruitment costs	3,407.72	250.00	40,486.11	33,594.54	3,157.72	6,891.57
1300	Missions and travel	23,467.58	18,198.33	270,000.00	223,737.12	5,269.25	46,262.88
1400	Training expenditure	33,549.74	17,418.45	79,387.96	56,787.78	16,131.29	22,600.18
1700	Representation expenditure	1,282.50	328.00	3,158.05	1,424.51	954.50	1,733.54
	<b>Total for title 1</b>	<b>61,707.54</b>	<b>36,194.78</b>	<b>3,735,532.12</b>	<b>3,474,178.48</b>	<b>209,378.23</b>	<b>77,488.17</b>
	<b>Title 2 - Administrative expenditure</b>						
2000	Rental of buildings	0.00	0.00	582,500.00	557,647.02	0.00	24,852.98
2100	Data processing	213,767.76	199,112.18	528,533.10	450,243.42	14,655.58	78,289.68
2200	Movable property	0.00	0.00	9,564.78	4,850.00	0.00	4,714.78
2300	Current administrative costs	21,605.98	18,140.05	280,000.00	139,695.36	3,465.93	140,304.64
2400	Postage and telecommunication costs	0.00	0.00	20,000.00	20,000.00	0.00	0.00
2500	Expenditure on meetings	45,188.31	10,077.50	164,370.88	76,601.88	35,110.81	87,769.00
2600	Other administrative expenditure						
	<b>Total for title 2</b>	<b>280,562.05</b>	<b>227,329.73</b>	<b>1,584,968.76</b>	<b>1,249,037.68</b>	<b>53,232.32</b>	<b>335,931.08</b>
	<b>Total for titles 1 and 2</b>	<b>342,269.59</b>	<b>263,524.51</b>	<b>5,320,500.88</b>	<b>4,723,216.16</b>	<b>262,610.55</b>	<b>413,419.25</b>
	<b>Title 3 - Operational expenditure</b>						
3100	Expenditure on studies	2,627,015.55	1,664,822.25	2,340,198.19	223,044.31	94,328.10	2,985,019.08
3200	Publication and translation costs	16,737.60	1,547.94	26,626.15	23,769.56	3,607.60	14,438.65
	<b>Total for title 3*</b>	<b>2,643,753.15</b>	<b>1,666,370.19</b>	<b>2,366,824.34</b>	<b>246,813.87</b>	<b>97,935.70</b>	<b>2,999,457.73</b>
	<b>Total expenditure</b>	<b>2,986,022.74</b>	<b>1,929,894.70</b>	<b>7,687,325.22</b>	<b>4,970,030.03</b>	<b>360,546.25</b>	<b>3,412,876.98</b>

\*Budget lines 3100 and 3200 only (excluding Chapter 39)

Table 10 summarises the evolution of outstanding commitment balances during the year by title. It should be highlighted that on title 3 the payments related to the outstanding balance at the beginning of the year accounted for 87 percent of all payments made on budget lines 3100 and 3200 during the year.

Regarding budget line 1100, 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, 2100, 2300 and 2500, cancellations were related to C8 credits becoming automatically C9 in the following year on administrative expenditure budget lines.

Regarding budget lines 3100 and 3200, cancellations were related to de-commitments performed in 2010.

## **CHAPTER 5**

### **BUDGETARY IMPLICATIONS OF THE TRANSFER OF ACTIVITIES TO THE EUROPEAN COMMISSION**

Further to Article 8 of Regulation (EC) No. 683/2008 ("GNSS Regulation") and the transfer of activities and staff with effect on 1 January 2009, the Administrative Board of the GSA, at its 19th meeting held on 19 March 2009, decided on the transfer of GSA-owned tangible and intangible assets created or developed under the EGNOS and Galileo programmes including all rights, obligations, titles and interest related to the aforementioned programmes to the European Community, represented by the European Commission (Doc. GSA-AB-09-03-19-09).

In December 2008, a special task force was created, with staff from the GSA and DG TREN, in order to prepare the legal and financial implementation of the transfer.

Following the conclusions of the task force, the GSA sent a letter to DG TREN (ref. GSA(2009)/OED/LO/FIN/D/779), on 3 July 2009, in which the GSA requested confirmation from the European Commission on the acceptance of the ownership of the assets subject to the transfer.

On 1 December 2009, the GSA received the European Commission's letter accepting the ownership of the assets subject to the transfer (ref. TREN/G5 JM 1b D(2009)71058).

Based on the instructions received from DG BUDG in late December 2009 (letters from Mr. Taverne ref. Budget/DLA/CS/EB/cb/D(2009)/441611 dated 22 December 2009 and ref. Budget/CS/EB/D(2009) dated 24 December 2009), the GSA executed in early January 2010 the transfer of outstanding balances on the commitments listed below.



**Table 11: Transfer to the European Commission in January 2010**

	central key	local key	budget line	initial amount	open amount as at 31.12.2009
<b>Commitments transferred</b>					
1	6400462063	GSA.466	EGSA-B2009-B03910-R0-GSA	310,000.00	310,000.00
2	6400462127	GSA.471	EGSA-B2009-B03910-R0-GSA	873,459.40	873,459.40
3	6400415261	GSA.279	EGSA-B2009-B03100-C8-GSA	300,000.00	0.00
4	6400444287	GSA.413	EGSA-B2009-B03100-C8-GSA	59,700.00	29,700.00
5	6400467344	GSA.529	EGSA-B2009-B03100-C3-GSA	130,000.00	104,000.00
	<i>SUBTOTAL</i>			<i>1,673,159.40</i>	<i>1,317,159.40</i>
<b>FP 7 commitments transferred</b>					
1	6700103566	GSA.538	EGSA-B2009-B03913-R0-GSA	698,006.00	279,202.00
2	6700103416	GSA.537	EGSA-B2009-B03913-R0-GSA	1,999,390.00	799,756.00
3	6700103394	GSA.536	EGSA-B2009-B03913-R0-GSA	1,999,581.00	799,832.00
4	6400488499	GSA.635	EGSA-B2009-B03913-R0-GSA	1,999,930.00	799,972.00
5	6700103218	GSA.531	EGSA-B2009-B03913-R0-GSA	590,501.00	177,150.00
6	6400461656	GSA.463	EGSA-B2009-B03913-R0-GSA	699,220.00	524,415.00
7	6400461650	GSA.462	EGSA-B2009-B03913-R0-GSA	499,991.00	390,697.90
8	6400463349	GSA.465	EGSA-B2009-B03913-R0-GSA	499,997.00	374,997.00
9	6400462123	GSA.470	EGSA-B2009-B03913-R0-GSA	995,448.00	248,862.00
10	6400460453	GSA.460	EGSA-B2009-B03913-R0-GSA	498,697.00	398,958.00
11	6400461916	GSA.464	EGSA-B2009-B03913-R0-GSA	1,800,000.00	1,260,000.00
	<i>SUBTOTAL</i>			<i>12,280,761.00</i>	<i>6,053,841.90</i>
	<b>TOTAL TRANSFERRED</b>			<b>13,953,920.40</b>	<b>7,371,001.30</b>

Balances on FP7 commitments included in the table above were transferred with a retroactive effect for 2009 accounts. The transfer of FP7 commitments was performed centrally by DG Budget by de-committing the balances. As a result of de-commitments, the available commitment appropriations on budget line 3913 increased by 6,053,841.90 EUR, which in fact should have been decreased due to the transfer of the activities. This error was corrected in May 2010, affecting 2010 budget; the available commitment appropriations were reduced accordingly.

The GSA followed up on the transfer of assets to the European Commission in March 2010. Funds transferred on budget lines 3901, 3902, 3903 and 3909, 3910 amounted to €6,917,812.18. The transfer of these funds was performed in accordance with Commission Decision C(2009)8450 of 5 November 2009.

Furthermore, the GSA transferred the appropriations and outstanding balance on budget line 3916, following a letter from the Commission (Ref. Ares (2010)168514) dated 30 March 2010, which amounted to €4,500,000.

**Table 12: Other payment appropriations transferred to the Commission in 2010**

Budget line	Description	Commitment appropriations available 31.12.2009	Payment appropriations available 31.12.2009	Transfer executed in 2010		PA available 31.12.2010
				Debit note no. 3241001088 of 12/02/10 with impact on 2010 accounts	Debit note no. 3041000448 of 01/07/2010 with impact on 2010 accounts	
3901	Concession activities	2,318,185.63	2,418,185.63	2,318,185.63	100,000.00	0
3902	In-Orbit Validation	4,000,000.00	4,000,000.00	4,000,000.00		0
3903	EGNOS	69,852.13	69,852.13	69,852.13		0
3909	Technical support provided ESA	1,933.82	2,001,933.82	1,933.82		2,000,000
3910	Certification of activities	527,840.60	527,840.60	527,840.60		0
		<b>6,917,812.18</b>	<b>9,017,812.18</b>	<b>6,917,812.18</b>	<b>100,000.00</b>	<b>2,000,000</b>
Budget line	Description	Commitment appropriations available 31.12.2009	Payment appropriations available 31.12.2009	Debit note no. 3241003878 of 19/04/10 with impact on 2010 accounts		
3916	MEDA II	4,500,000.00	4,500,000.00	4,500,000.00		0

In addition to the above, the transfer of budget lines included in Table 13 will be completed in early 2011. This has been confirmed by an exchange of letters with the European Commission, (letter from Heike Wieland to Georgette Lalis with ref. GSA(2010)473243 dated 20 August 2010). Currently a Commission Decision is being awaited in order to proceed with the transfer of commitments and corresponding payment appropriations.

**Table 13: Planned transfer of commitment and payment appropriations to the European Commission during 2011**

Budget line	Description	Commitment appropriations to be transferred in 2011	Payment appropriations to be transferred in 2011
3905	MEDA	19,296.23	19,296.23
3907	INTERNATIONAL	56,100.00	56,100.00
3908	JRC	31,992.01	31,992.01
3912	NRSCC	35,641.70	35,641.70
		<b>143,029.94</b>	<b>143,029.94</b>

Finally, there are two other budget lines which might be subject to a full or partial transfer in 2011, uncommitted funds of €4,458,000 on budget line 3911 "MATIMOP" and committed funds of €2,000,000 on budget line 3909 "TECHNICAL ESA". The exact date and modalities of the transfer cannot be confirmed at this stage.

**Table 14: Summary of transfers to the European Commission in 2010**

Budget line	Commitment	CA transferred	PA transferred	Impact for year	Description	Reference
3913	GSA.538	279,202.00	-	2009	The amounts to be transferred were initially committed with different beneficiaries. However, these commitments did not have any related payment appropriations due to the particular nature of FP7 funds. In order to facilitate the transfer to the EC, the commitments were de-committed in GSA accounts, the budget line was reduced by the amount that was transferred. No cash transfer took place. The EC recreated then the same commitments in their accounts.	Letter from Mr Taverne (ref. Budget/CS/EB/D(2009) dated 24/12/2009)
3913	GSA.537	799,756.00	-			
3913	GSA.536	799,832.00	-			
3913	GSA.635	799,972.00	-			
3913	GSA.531	177,150.00	-			
3913	GSA.463	524,415.00	-			
3913	GSA.462	390,697.90	-			
3913	GSA.465	374,997.00	-			
3913	GSA.470	248,862.00	-			
3913	GSA.460	398,958.00	-			
3913	GSA.464	1,260,000.00	-			
		<b>6,053,841.90</b>	-			
3901	GSA.780	2,318,185.63	2,318,185.63	2010	The amounts to be transferred were initially uncommitted funds on various budget lines. In order to facilitate the transfer to the EC, artificial commitment GSA.780 was created and a payment was made against this commitment.	Debit note no. 3241001088 of 12/02/2010
3902	GSA.780	4,000,000.00	4,000,000.00			
3903	GSA.780	69,852.13	69,852.13			
3909	GSA.780	1,933.82	1,933.82			
3910	GSA.780	527,840.60	527,840.60			
		<b>6,917,812.18</b>	<b>6,917,812.18</b>			
3901	GSA.191	100,000.00	100,000.00	2010	The amount to be transferred was initially committed with the European Commission (JRC). The EC issued a debit note and a payment was made to the EC against the existing commitment.	Debit note no. 3041000448 of 01/07/2010
		<b>100,000.00</b>	<b>100,000.00</b>			
3916	n/a	4,500,000.00	4,500,000.00	2010	The amount to be transferred has never been committed in GSA accounts. Upon the termination of the delegation agreement and upon the receipt of a debit note from the EC, a payment was made to the EC and the budget line reduced accordingly.	Debit note no. 3241003878 of 19/04/2010
		<b>4,500,000.00</b>	<b>4,500,000.00</b>			