

REPORT

ON

BUDGETARY AND FINANCIAL MANAGEMENT

2016

EUROPEAN GNSS AGENCY

PRESENTATION OF CONTENTS

The purpose of this report is to present a summary of the budgetary and financial management by the European GNSS Agency (GSA) in 2016.

LEGAL BASIS

Article 93 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 three sections: an Executive Summary, and two parts on budget and then financial management.

EXECUTIVE SUMMARY

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 2016 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 2015 to 2016 and the payment appropriations carried over from 2016 to 2017.
- **Chapter five** presents an analysis of the outstanding commitments at the end of 2016.
- **Chapter six** provides information related to the staff and establishment plan during 2016.

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 2016.

Annexes

- **Annex 1** – list of acronyms and glossary

EXECUTIVE SUMMARY

The GSA began the year 2016 with an initial budget of 29,160,810 EUR. There was one amendment to the budget within the course of the year, which was to reduce overall appropriations by 74,483 EUR bringing it to the final amount of 29,086,327 EUR.

Budget execution for the year was 100% in commitment appropriations and 100% in C1 payment appropriations when taking into account the non-automatic carry-forward in order to maintain the GSA's payment capacity on existing legal obligations.

Average payment time was 14 days, well below the 30 days EC benchmark and 20 days target. A total of 4,740 financial transactions were processed, representing an 11% increase in comparison to 2015.

The GSA continued to manage a large amount of delegated budget in 2016 following the signature of two Delegation Agreements amendments in the course of 2016 for EGNOS Exploitation and Galileo Exploitation. An amendment to the Galileo Exploitation DA was signed in December 2016, assigning a further 1.61 billion EUR to the GSA, bringing the total delegated amount under Galileo delegation agreement to 2.4 billion EUR. EGNOS exploitation DA was increased in 2016 by 102 MEUR to a total amount of 1.552 billion EUR. A total of 1.074 billion EUR delegated budget was committed in 2016 and 111.6 million EUR made in payments.

PART I

CHAPTER 1

BUDGET EVOLUTION DURING 2016

The GSA initial Budget 2016 adopted by the Administrative Board on 30 March 2015 was set at 29,160,810 EUR, for both commitment and payment appropriations.

One subsequent budget amendment was approved by GSA Administration Board on 10 March 2016 which took into account the final budget allocated by Budgetary Authority 28,350,073 EUR and revised the EFTA contribution of 736,254 EUR, which reduced the 2016 overall budget by 74,483 EUR bringing it to the final amount of 29,086,327 EUR.

This amendment also introduced two new budget lines into the GSA budget. A new budget line for Social measures (budget line 1500) was inscribed in line with the Decision of the Administrative Board on social measures¹ adopted in 2015 as a result of falling interest in vacant posts and difficulty in both recruiting new staff and maintaining current staff levels. A new budget line for SAB Administrative Expenditure (budget line 2600) was also introduced. Traditionally, SAB related expenditure has been inscribed under budget line 3300, however this has included expenditure which are essentially administrative in nature (SAB meetings, SAB Members' missions etc.). Creating a new budget line under Title 2 ensured the correct treatment of administrative expenditure and also maintained complete transparency on the total amount of SAB related expenditure.

The initial budget was published in the Official Journal of the EU on 31.03.2016 with an Amending Budget no 1 being published on 24.06.2016

Six internal transfers were processed in 2016, all of them authorised by the Executive Director as they concerned transfers of amounts either within Titles or below 10% between Titles. See Table 2 on pages 7-8 for further details.

For a detailed overview of the GSA initial and final budget structure, with a consolidated presentation of amendments and transfers, please refer to Table 1 on page 5.

¹ GSAID-196-8756

		Initial voted budget		Amendment no 1		Transfers		Final budget 31/12/2016	
Budget line	Heading	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations
Title 1 - Staff expenditure									
1100	Staff expenditure	11,600,000.00	11,600,000.00	- 400,000.00	- 400,000.00	456,427.09	456,427.09	11,656,427.09	11,656,427.09
1200	Recruitment costs	130,000.00	130,000.00			- 7,000.00	- 7,000.00	123,000.00	123,000.00
1210	Medical services	60,000.00	60,000.00			- 40,000.00	- 40,000.00	20,000.00	20,000.00
1300	Missions and travel	1,440,000.00	1,440,000.00			- 93,800.00	- 93,800.00	1,346,200.00	1,346,200.00
1400	Training expenditure	220,000.00	220,000.00			- 5,000.00	- 5,000.00	215,000.00	215,000.00
1500	Social measures	-	-	400,000.00	400,000.00	- 290,000.00	- 290,000.00	110,000.00	110,000.00
1600	Interims & trainees	600,000.00	600,000.00			- 74,500.00	- 74,500.00	525,500.00	525,500.00
1700	Representation expenditure	2,000.00	2,000.00			- 1,286.07	- 1,286.07	713.93	713.93
1800	Tuition fees	900,000.00	900,000.00			89,771.23	89,771.23	989,771.23	989,771.23
	Total for title 1	14,952,000.00	14,952,000.00	-	-	34,612.25	34,612.25	14,986,612.25	14,986,612.25
Title 2 - Administrative expenditure									
2000	Rental of buildings	3,040,000.00	3,040,000.00			- 371,651.47	- 371,651.47	2,668,348.53	2,668,348.53
2100	Data processing	916,204.00	916,204.00			994,231.04	994,231.04	1,910,435.04	1,910,435.04
2200	Movable property	100,000.00	100,000.00			17,155.67	17,155.67	117,155.67	117,155.67
2300	Current administrative costs	800,000.00	800,000.00			- 78,520.67	- 78,520.67	721,479.33	721,479.33
2400	Postage and telecommunication	250,000.00	250,000.00			- 4,396.16	- 4,396.16	245,603.84	245,603.84
2500	Meetings	65,000.00	65,000.00			- 15,205.00	- 15,205.00	49,795.00	49,795.00
2600	SAB administrative expenditure	-	-	350,000.00	350,000.00	104,266.38	104,266.38	454,266.38	454,266.38
	Total for title 2	5,171,204.00	5,171,204.00	350,000.00	350,000.00	645,879.79	645,879.79	6,167,083.79	6,167,083.79

	Total for titles 1 and 2	20,123,204.00	20,123,204.00	350,000.00	350,000.00	680,492.04	680,492.04	21,153,696.04	21,153,696.04
	Title 3 - Operational expenditure								
3100	Studies and operations	7,637,606.00	7,637,606.00	- 74,483.00	- 74,483.00	- 280,044.04	- 280,044.04	7,283,078.96	7,283,078.96
3300	SAB operational expenditure	1,400,000.00	1,400,000.00	- 350,000.00	- 350,000.00	- 400,448.00	- 400,448.00	649,552.00	649,552.00
	Total for title 3	9,037,606.00	9,037,606.00	- 424,483.00	- 424,483.00	- 680,492.04	- 680,492.04	7,932,630.96	7,932,630.96
	TOTAL titles 1, 2 and 3	29,160,810.00	29,160,810.00	- 74,483.00	- 74,483.00	-	-	29,086,327.00	29,086,327.00

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

WFID	No.	From	To	Amount	Date of validation by AO	Comments
222522	1	BL1300 BL2000 BL2000 BL2200 BL3300 BL3300	BL1100 BL2100 BL2400 BL2100 BL1100 BL2600	134,800 EUR 55,000 EUR 135,000 EUR 40,000 EUR 300,000 EUR 100,000 EUR	20/07/2016	Operational delays beyond control of GSA led to reduced needs on SAB budget, while increased needs to cover planned additional CAs as approved by GROW. IT needs had been underestimated when establishing the draft budget; FK member states reimbursements have to be reinforced as more satellites to be launched with longer launch campaign in 2016 than initially planned plus addition of new member states to FK team.
224773	2	BL1210 BL1500 BL1600 BL1600 BL2000 BL2300 BL2400 BL2400 BL2500 BL3100	BL2100 BL2100 BL1100 BL2100 BL2100 BL2100 BL2100 BL2600 BL2100 BL2100	30,000 EUR 260,000 EUR 65,000 EUR 5,000 EUR 60,000 EUR 75,000 EUR 5,000 EUR 20,000 EUR 10,000 EUR 175,000 EUR	7/10/2016	The overall budget for Social Measures for 2016 is reduced as it was not yet possible to finalise the tender for insurance products given the complexity of the tender and additional time that had to be devoted to it. Available commitment appropriations will reinforce originally underestimated IT budget needs on data processing budget line, increased staff needs and increased needs for SAB missions.
226465	3	BL2400 BL1600 BL3100 BL2000 BL2300 BL2400 BL2400	BL1100 BL1100 BL1800 BL2100 BL2100 BL2100 BL2200	7,238 EUR 7,000 EUR 50,000 EUR 137,000 EUR 40,000 EUR 49,158.16 EUR 58,000 EUR	2/12/2016	Savings on the Buildings budget line due in particular to a significant reduction for the need of an exchange reserve for payments made in British Pounds (GBP) and also performance issues on one of the service contracts lead to reduced budget needs. Available funds will reinforce increased need for tuition fee costs for the 2016-2017 academic year and IT projects and movable property projects initially planned for 2017.
226861	4	BL1210 BL1500 BL3300 BL3100	BL2000 BL2000 BL2600 BL3300	6,000EUR 10,000EUR 448EUR 1,628,053 EUR	13/12/2016	This transfer concerns the reallocation of available funds from the medical costs and social measures budget lines to increase the buildings budget line. This increased commitment will cover the rental costs of additional offices in Toulouse and necessary works that has to be undertaken in relation to these offices. The remaining 448 EUR on the SAB operational budget line is to be transferred to the SAB administrative budget line in order to cover miscellaneous administrative expenditure. 1,628,053 EUR in payment appropriations only (Title 3 appropriations are differentiated) are to be transferred from BL3100 to BL3300 in order to cover expected payments on legal obligations from both previous years and in 2017.

227391	5	BL1100	BL2100	54,688	22/12/2016	Funds available on staff salary budget line following final payments of the year for reclassification and standby allowance are reallocated to IT, buildings and current admin budget lines. These increased commitments will cover the costs of reserve projects which it would otherwise not be possible to fund due to budget restrictions in 2017. 1,628,053 EUR in payment appropriations only (Title 3 appropriations are differentiated) are to be transferred from BL3300 to BL3100 in order to cover expected payments on legal obligations from both previous years and in 2017.
		BL1100	BL2000	3,850EUR		
		BL1100	BL2300	635EUR		
		BL1500	BL2300	15,000EUR		
		BL2200	BL2300	844.33EUR		
		BL3300	BL3100	1,628,053EUR		
227506	6	BL3100	BL1300	41,000EUR	23/12/2016	This transfer concerns the reallocation of available funds on a number of budget lines in order to ensure optimal use of commitment appropriations in 2016 and to increase commitment appropriations for missions and on other budget lines such as recruitment, medical costs, current administration and tuition.
		BL3100	BL1800	14,044.04EUR		
		BL2600	BL2300	16,181.62EUR		
		BL2000	BL2300	3,818.38EUR		
		BL2000	BL1600	683.09EUR		
		BL2500	BL1800	5,205EUR		
		BL1200	BL1800	7,000EUR		
		BL1210	BL1800	4,000EUR		
		BL1400	BL1800	5,000EUR		
		BL1500	BL1800	4,522.19EUR		
		BL1500	BL1100	477.81EUR		
		BL1700	BL1100	1,084.28EUR		
		BL1700	BL1600	201.79EUR		
		BL2100	BL1600	1,615.12EUR		

Table2: GSA registers of transfers 2016

CHAPTER 2

BUDGET EXECUTION IN 2016

Execution of C1 commitment appropriations (Table 3) remained high in all titles and budget lines, reaching a global 100% execution.

Where 2016 C1 payment appropriations were concerned (Table 4), execution rate was also of 100%. This execution rate incorporates the non-automatic carry forward of payment appropriations to the amount of 1,523,713.19 EUR adopted by the Administrative Board on 27 January 2017 in order to maximise the use of the remaining payment credits on Title 3.

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2016	Commitment Appropriations (CAs)			
			EXECUTED IN 2016	%	UNCOMMITTED	%
Title 1 - Staff expenditure						
1100	Staff expenditure	11,656,427.09	11,656,427.09	100%	0.00	0%
1200	Recruitment costs	123,000.00	123,000.00	100%	0.00	0%
1210	Medical services	20,000.00	20,000.00	100%	0.00	0%
1300	Missions and travel	1,346,200.00	1,346,200.00	100%	0.00	0%
1400	Training expenditure	215,000.00	215,000.00	100%	0.00	0%
1500	Social measures	110,000.00	110,000.00	100%	0.00	0%
1600	Interims & Trainees	525,500.00	525,500.00	100%	0.00	0%
1700	Representation expenditure	713.93	713.93	100%	0.00	0%
1800	Tuition fees	989,771.23	989,771.23	100%	0.00	0%
	Total for title 1	14,986,612.25	14,986,612.25	100%	0.00	0%
Title 2 - Administrative expenditure						
2000	Rental of buildings	2,668,348.53	2,668,348.53	100%	0.00	0%
2100	Data processing	1,910,435.04	1,910,435.04	100%	0.00	0%
2200	Movable property	117,155.67	117,155.67	100%	0.00	0%
2300	Current administrative costs	721,479.33	721,479.33	100%	0.00	0%
2400	Postage and telecommunication costs	245,603.84	245,603.84	100%	0.00	0%
2500	Meetings	49,795.00	49,795.00	100%	0.00	0%
2600	SAB administrative expenditure	454,266.38	454,266.38	100%	0.00	0%
	Total for title 2	6,167,083.79	6,167,083.79	100%	0.00	0%
	Total for titles 1 and 2	21,153,696.04	21,153,696.04	100%	0.00	0%
Title 3 - Operational expenditure						

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2016	Commitment Appropriations (CAs)			
			EXECUTED IN 2016	%	UNCOMMITTED	%
3100	Expenditure on studies	7,283,078.96	7,283,078.96	100%	0.00	0%
3300	SAB operational expenditure	649,552.00	649,552.00	100%	0.00	0%
	Total for title 3	7,932,630.96	7,932,630.96	100%	0.00	0%
	TOTAL T1+T2+T3	29,086,327.00	29,086,327.00	100%	0.00	0%

Table 3: Execution of C1 commitment appropriations 2016, in EUR

Budget line	Heading	PAYMENT APPROPRIATIONS BUDGETED 2016	Payment Appropriations (PAs)					
			PAID IN 2016	%	CARRIED FORWARD	%	TOTAL EXECUTED	%
Title 1 - Staff expenditure								
1100	Staff expenditure	11,656,427.09	11,656,427.09	100%	0.00	0%	11,656,427.09	100%
1200	Recruitment costs	123,000.00	79,352.84	65%	43,647.16	35%	123,000.00	100%
1210	Medical services	20,000.00	8,030.46	40%	11,969.54	60%	20,000.00	100%
1300	Missions and travel	1,346,200.00	1,046,259.51	78%	299,940.49	22%	1,346,200.00	100%
1400	Training expenditure	215,000.00	76,227.46	35%	138,772.54	65%	215,000.00	100%
1500	Social measures	110,000.00	93,981.66	85%	16,018.34	15%	110,000.00	100%
1600	Interims & Trainees	525,500.00	415,773.02	79%	109,726.98	21%	525,500.00	100%
1700	Representation expenditure	713.93	713.93	100%	0.00	0%	713.93	100%
1800	Tuition fees	989,771.23	824,984.92	83%	164,786.31	17%	989,771.23	100%
	Total for title 1	14,986,612.25	14,201,750.89	95%	784,861.36	5%	14,986,612.25	100%
Title 2 - Administrative expenditure								
2000	Rental of buildings	2,668,348.53	2,032,429.26	76%	635,919.27	24%	2,668,348.53	100%
2100	Data processing	1,910,435.04	411,514.27	22%	1,498,920.77	78%	1,910,435.04	100%
2200	Movable property	117,155.67	24,240.00	21%	92,915.67	79%	117,155.67	100%
2300	Current administrative costs	721,479.33	467,265.33	65%	254,214.00	35%	721,479.33	100%
2400	Postage and telecommunication costs	245,603.84	106,730.24	43%	138,873.60	57%	245,603.84	100%
2500	Meetings	49,795.00	45,595.38	92%	4,199.62	8%	49,795.00	100%

2600	SAB administrative expenditure	454,266.38	273,096.83	60%	181,169.55	40%	454,266.38	100%
	Total for title 2	6,167,083.79	3,360,871.31	54%	2,806,212.48	46%	6,167,083.79	100%
	Total for titles 1 and 2	21,153,696.04	17,562,622.20	83%	3,591,073.84	17%	21,153,696.04	100%
	Title 3 - Operational expenditure							
3100	Expenditure on studies	7,283,078.96	5,897,643.22	81%	1,385,435.74	19%	7,283,078.96	100%
3300	SAB operational expenditure	649,552.00	511,274.55	79%	138,277.45	21%	649,552.00	100%
	Total for title 3	7,932,630.96	6,408,917.77	81%	1,523,713.19	19%	7,932,630.96	100%
	TOTAL T1+T2+T3	29,086,327.00	23,971,539.97	82%	5,114,787.03	18%	29,086,327.00	100%

Table 4: Execution of C1 payment appropriations 2016, in EUR

CHAPTER 3

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

The GSA continued to manage a large number of delegated appropriations by the European Commission during 2016.

FP6 2nd call (Budget line 3904) and FP6 3rd call (Budget line 3900):

All FP6 2nd and 3rd call project activities have been finalised. In 2016, the Agency processed final payment of the one remaining project and proceeded with its administrative closure.

FP7 2nd call (Budget line 3913):

The Agency managed 29 projects in total under FP7 2nd call. All of them have finalised their project activity and all have been financially closed by the end of 2016.

FP7 3rd call (Budget line 3917):

The Agency managed 39 grant agreements for a total value of 29.7 million EUR. All had completed their project activity by the end of 2016. Payments for a total value of approximately 1.49 million EUR (and corresponding clearing in the amount of approx. 4 million EUR) were processed in 2016. The GSA plans to financially close the last remaining grant by mid-2017.

PRS Delegation Agreement (Budget line 3918)

The PRS Delegation Agreement covers the implementation of the following tasks: i) development of a standalone first generation PRS receiver within the framework of the PRS Pilot Project; ii) provision of technical assistance to the Commission for setting up the Galileo Security Monitoring Centre (GSMC).

One new commitment was made under this Delegation Agreement in 2016 for 481 thousand EUR. Payments of 241 thousand EUR were processed in 2016.

Exploitation Delegation Agreement (Budget Line 3919)

The Exploitation Delegation Agreement was signed in May 2012 and made provision for the Agency to carry out budget implementation tasks related to (1) Preparation of EGNOS and Galileo Exploitation; (2) Support to the PRS development; (3) Application Action Plan (APPAP).

Two amendments to the Delegation Agreement had been signed in December 2013, increasing the overall budget by 11,549,193 EUR to a total of 45,973,193 EUR. The additional appropriations were assigned to task (1) Preparation of EGNOS and Galileo Exploitation for the purposes of the extended EGNOS Service Provision contract.

A total of 45,878,740.08 EUR was contracted by 31 May 2014, the deadline for making commitments per the Delegation Agreement, representing 99.79% of the overall delegated budget. All planned

payments were made by the end of 2015. The Agency is now in the process of formally closing the Delegation Agreement and returning unused appropriations to the EC.

EGNOS Exploitation Delegation Agreement (Budget Line 3920)

The EGNOS Exploitation Delegation Agreement was signed in April 2014 for a period of 7 years with a delegated budget of 1.45 billion EUR, which was increased in 2016 by 102 million EUR to a total amount of 1.552 billion EUR. It makes provision for the Agency to carry out the implementation of tasks related to (A) Programme Management and Engineering Activities; (B) Operational Activities and Service Provision; (C) Communication Activities and (D) Asset Management.

A total amount of 33.5 million EUR was committed in 2016 with a total of 76 million EUR made in payments.

Horizon 2020 1st call (Budget line 3921):

In total, 27 grants agreements were signed under 1st call of H2020 for a total of 40.43 million EUR. Nine projects successfully concluded their technical activities by the end of 2016. The remaining projects are on-going. In 2016 the GSA paid 8.8 million EUR in interim payments (with clearings of approx. 1.76 million EUR) and one final payment in the amount of 683.7 thousand EUR (with a clearing of 962.9 thousand EUR).

Galileo Exploitation Delegation Agreement (Budget Line 3922)

The Galileo Exploitation Delegation Agreement was signed in October 2014 for a period of 7 years with a delegated budget of 490 million EUR and with an additional 300 million EUR delegated in an amendment to the agreement in December 2015 and further increased in 2016 by 1.61 billion EUR bringing the total delegated amount under Galileo Delegation Agreement to 2.4 billion EUR. The Delegation Agreement makes provision for the Agency to carry out the implementation of tasks related to (A) Operational Activities; (B) Management Activities; (C) Contribution to definition of mission, service and system evolutions; (D) Activities concerning fundamental elements; (E) Asset management and (F) Contribution to the management of the security activities.

A total amount of 1.007 billion EUR was committed in 2016 under this Delegation Agreement. A total amount of 8.9 million EUR was made in payments in 2016.

Horizon 2020 2nd call (Budget line 3923)

In 2016, 4 new grant agreements were signed, bringing the total to 13 grant agreements under this 2nd call. In total, 9.024 million EUR was committed in 2016 and 13.7 million EUR was paid in pre-financing in 2016.

Cash flow of delegated budget

New payment appropriations were received by the GSA from the European Commission during the course of 2016, as stipulated in the delegation agreements. These were:

- For FP7 2nd call (budget line 3913) and 3rd call (budget line 3917), no additional payment appropriations were requested, however a recovery orders for 234,579.87 EUR were raised.
- For the PRS Delegation Agreement (budget line 3918), an additional 518,190.62 EUR in payment appropriations was received in 2016;
- For the Exploitation Preparation Delegation Agreement (budget line 3919) no additional payment appropriations were received from the EC.
- For the EGNOS Exploitation Delegation Agreement (budget line 3920), an additional 39,766,973 EUR in payment appropriations was received in 2016 and recovery order for 23,185.25 EUR was raised;
- For the Horizon 2020 Delegation Agreement:
 1. 1st call (budget line 3921): additional 11,482,815 EUR (4,696,420 EUR and 6,786,395 EUR) in two instalments of payment appropriations was received;
 2. 2nd call (budget line 3923): additional 1,250,169 EUR (91,793 EUR and 1,158,376 EUR) in two instalments of payment appropriations was received;
- For the Galileo Exploitation Delegation Agreement (budget line 3922), 140 million EUR was received upon signature of the amendment to the Delegation Agreement.

Budget line	Activity	Commitments in 2016	Payment approp. 1/1/2016	2016 additional Payment approp. received	Payments made during 2016	Remaining Payment approp. 31/12/2016
3904	FP6 2nd call	0	638,892.22	22,125.44	166,400	494,617.66
3900	FP6 3rd call	0	328,164.80	0	0	328,164.80
3913	FP7 1&2 calls	27,364.43	834,323.81	160,553.38	399,465.06	595,412.13
3917	FP7 3rd call		2,113,269.07	74,026.49	1,492,869.54	694,426.02
3918	PRS DA	481,585.12	7,776,000.00	518,190.62	241,085.12	8,053,105.50
3919	Exploitation DA		469,712.77	0	0	469,712.77
3920	EGNOS DA	33,465,463.17	140,672,335.88	39,790,158.25	76,099,490.85	104,363,003.28
3921	H2020 DA I	23,914,785	5,939,170.31	11,482,815	10,615,393.36	6,806,591.95
3922	Galileo DA	1,007,810,249.57	227,925,117.30	140,000,000	8,870,919.45	359,054,197.85
3923	H2020 DA II	9,024,323.50	13,750,000.00	1,250,169	13,727,061.09	1,273,107.91
	Totals	1,074,723,771	400,446,986.16	193,298,038	111,612,684.47	482,132,339.87

Table 5: Overview of earmarked revenue (R0) during 2016, in EUR

Budget line	Activity	Cumulative Commit. Approp. (1)	Cumulative Executed Commitment Amnt. (2)	% Committed (2/1)	Cumulative Credit Not Used (1-2)	Cumulative Payment Approp. (3)	2016 Executed Payment Amnt. (4)	% Paid (4/3)	R A L (2-4)
B3-900	FP6 3rd call	328,164.80			328,164.80	328,164.80			
B3-904	FP6 2nd call	661,017.66	166,400.00	25.17 %	494,617.66	661,017.66	166,400.00	25.17 %	0.00
B3-913	FP7 1&2 calls	1,149,618.10	838,539.43	72.94 %	311,078.67	994,877.19	399,465.06	40.15 %	439,074.37
B3-917	FP7 3rd call	3,606,325.74	1,742,580.57	48.32 %	1,863,745.17	2,187,295.56	1,492,869.54	68.25 %	249,711.03
B3-918	PRS DA	8,927,078.00	8,822,590.62	98.83 %	104,487.38	8,294,190.62	241,085.12	2.91 %	8,581,505.50
B3-919	Exploitation DA	535,549.95			535,549.95	469,712.77			
B3-920	EGNOS DA	1,306,964,729.65	472,014,932.55	36.12 %	834,949,797.10	180,462,494.13	76,099,490.85	42.17 %	395,915,441.70
B3-921	H2020 DA 1st call	44,962,135.31	42,941,801.42	95.51 %	2,020,333.89	17,421,985.31	10,615,393.36	60.93 %	32,326,408.06
B3-922	Galileo DA	2,400,000,000.00	1,015,398,770.29	42.31 %	1,384,601,229.71	367,925,117.30	8,870,919.45	2.41 %	1,006,527,850.84
B3-923	H2020 DA 2nd call	26,758,207.00	25,459,610.17	95.15 %	1,298,596.83	15,000,169.00	13,727,061.09	91.51 %	11,732,549.08
Total		3,793,892,826.21	1,567,385,225.05	41.31 %	2,226,507,601.16	593,745,024.34	111,612,684.47	18.80 %	1,455,772,540.58

Table 6: Overview of earmarked revenue (R0)– cumulative appropriations, in EUR

CHAPTER 4

PAYMENT APPROPRIATIONS CARRIED OVER FROM 2015 TO 2016 AND CARRIED OVER FROM 2016 TO 2017

Automatic and non-automatic carry over of C1 appropriations to financial year 2017 totalled 5,114,787.03 EUR (from 2015 to 2016 3,251,887.17 EUR).

Payment appropriations carried over on Title 2 (automatic carry-over) from 2016 to 2017, represented 45.5% of the total Title 2 budget, in comparison to 42% carried over on Title 2 (automatic carry-over) from 2015 to 2016.

Payment appropriations for an amount of 1,523,713.19 EUR on Title 3 were carried over (non-automatic carry over) from 2016 to 2017 to maintain the GSA's payment capacity on existing legal obligations, in comparison to 83,568.48 EUR carried over from 2015 to 2016.

The higher carry over on Title 3 was due to the fact that a number of framework contracts were either expiring towards the end of 2016 or were had reached their limits in terms of amounts contracted. As several contracts were dependent upon these new framework contracts, this resulted in a number of large-volume operational contracts being signed only at year end, with first payments on such contracts only possible in 2017. While the commitment appropriations under the operational budget lines have been fully consumed, the payment appropriations have therefore not.

Carry-overs of payment appropriations are possible under Title 3 expenditure given that these are differentiated appropriations and therefore there is no time limit in which to execute payments.

The implementation of payment appropriations carried over to 2016 is detailed in the table on the page 19.

	Automatic carry over from 2016 to 2017			Automatic carry over from 2015 to 2016		
	Total C1 commitments 2016	of which carried over to 2017	%	Total C1 commitments 2015	of which carried over to 2016	%
Title 1 Staff	14,986,612.25	784,861.36	5%	12,961,487.18	657,009.69	5%
Title 2 Administrative expenditure	6,167,083.79	2,806,212.48	45.5%	6,035,337.34	2,511,309.00	42%
Title 3 Operational expenditure	7,932,630.96	0	0%	8,609,589.48	0	0%
Total	29,086,327.00	3,591,073.84	12%	27,606,414.00	3,168,318.69	11%

Table 7: Automatic carry over, in EUR

	Non automatic carry over 2016 to 2017			Non automatic carry over 2015 to 2016		
	Total C1 commitments 2016	of which carried over to 2017	%	Total C1 commitments 2015	of which carried over to 2016	%
Title 1 Staff	14,986,612.25	0.00	0%	12,961,487.18	0.00	0%
Title 2 Administrative expenditure	6,167,083.79	0.00	0%	6,035,337.34	0.00	0%
Title 3 Operational expenditure	7,932,630.96	1,523,713.19	19%	8,609,589.48	83,568.48	1%
Total	29,086,327.00	1,523,713.19	5%	27,606,414.00	83,568.48	0.3%

Table 8: Non automatic carry over, in EUR

CHAPTER 5

ANALYSIS ON OUTSTANDING COMMITMENTS

This chapter summarises the evolution of outstanding commitment balances during 2016 by budget line and title (Table 6).

Where budget lines 1210, 1300, 1400, 1600, 1700, 2000, 2100, 2200, 2300, 2400 and 2500 are concerned, cancellations were related to unused C8 credits automatically becoming C9 credits in the following year for staff related and administrative expenditure budget lines.

GSA - Evolution of outstanding balances 2016

Figures in €

		(a)	(b)	(c)	(d)	(e)	(f)=(a)-(b)+(c)-(d)-(e)
Budget line	Description	Outstanding balances as of 01/01/2016 C5,C8	Payments on outstanding balances in 2016	New 2016 commitments C1,C4	Payments on new 2016 commitments C1,C2,C4	Cancellations in 2016	Outstanding balances as of 31/12/2016 RAL
1100	Staff costs	-	-	11,660,071.82	11,660,071.82	-	-
1200	Recruitment	14,167.14	14,167.14	123,000.00	79,352.84	-	43,647.16
1210	Medical expenses	13,223.51	7,513.51	20,000.00	8,030.46	5,710.00	11,969.54
1300	Missions	86,208.63	85,342.77	1,346,200.00	1,046,259.51	865.86	299,940.49
1400	Training	75,812.64	61,702.40	215,000.00	76,227.46	14,110.24	138,772.54
1500	Social measures	-	-	110,000.00	93,981.66		16,018.34
1600	Interims & Trainees	216,252.89	212,143.00	525,500.00	415,773.02	4,109.89	109,726.98
1700	Representation	27.90	-	713.93	713.93	27.90	-
1800	Tuition fees	269,786.08	269,786.08	989,771.23	824,984.92		164,786.31
Total title 1		675,478.79	650,654.90	14,990,256.98	14,205,395.62	24,823.89	784,861.36

	2000	Rent	446,566.28	401,380.03	2,668,348.53	2,032,429.26	45,186.25	635,919.27
	2100	Data processing	1,384,280.76	1,359,851.05	1,910,435.04	411,514.27	24,429.71	1,498,920.77
	2200	Movable property	150,545.70	145,670.83	117,155.67	24,240.00	4,874.87	92,915.67
	2300	Current admin costs	345,642.27	317,985.05	721,479.33	467,265.33	27,657.22	254,214.00
	2400	Post/telecom	186,774.52	144,447.88	245,603.84	106,730.24	42,326.64	138,873.60
	2500	Meetings	7,354.32	2,812.19	49,795.00	45,595.38	4,542.13	4,199.62
	2600	SAB administrative expenditure	-	-	454,266.38	273,096.83	-	181,169.55
		Total title 2	2,521,163.85	2,372,147.03	6,167,083.79	3,360,871.31	149,016.82	2,806,212.48
	3100	Operations & studies	5,617,863.36	4,533,509.39	7,283,078.96	1,411,774.90	35,927.41	6,919,730.62
	3300	SAB costs	1,083,547.85	511,274.55	649,552.00	-	-	1,221,825.30
		Total title 3	6,701,411.21	5,044,783.94	7,932,630.96	1,411,774.90	35,927.41	8,141,555.92
		Totals	9,898,053.85	8,067,585.87	29,089,971.73	18,978,041.83	209,768.12	11,732,629.76

Table 9: Overview of outstanding balances at the end of 2016, in EUR

CHAPTER 6

STAFF AND ESTABLISHMENT PLAN FOR 2016

A total number of staff employed by the GSA in 2016 was 160. On the 31st December 2016 the Agency had a total of 113 temporary agents, 43 contract agents and 4 seconded national experts. The detailed implementation of the GSA's Establishment Plan is provided in Table 10.

	2016			
	Authorised under the EU Budget		Filled as of 31/12/2016	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14		1		1
AD 13		1		1
AD 12		5		3
AD 11		5		1
AD 10		12		9
AD 9		12		16
AD 8		30		25
AD 7		34		41
AD 6		8		8
AD 5				3
AD total		108		108
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6		1		
AST 5		2		2
AST 4		1		1
AST 3				1
AST 2		1		
AST 1				1
AST total		5		5
GRAND TOTAL	113		113	

Table 10: Establishment plan in 2016

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 has been used since September 2012 to sign, verify and file financial transactions. Paperless is used together with the standard EU financial tools ABAC Workflow (budgetary management) ABAC Accounting (SAP), ABAC Assets (management of fixed assets) and ABAC Data Warehouse (financial reporting tool). Paperless was updated in August 2015 with new features based on user feedback added, creating more efficiencies in the use of the tool.

The GSA uses the 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 ABAC Data Warehouse 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.

Since November 2015, the European Commission's Accounting Officer has provided accounting services for the GSA on the basis of a Service Level Agreement.

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

CHAPTER 8

FINANCIAL MANAGEMENT

In quantitative terms, the GSA carried out the following number of transactions during 2016: 521 commitments, de-commitments and modification of commitments; 4,153 payment requests; 60 recovery orders and 6 internal transfers. All in all, 4,740 financial transactions were processed by the GSA in 2016 (representing an 11% increase on the number processed in 2015).

The GSA succeeded in maintaining its payment time statistics in 2016 with 98 % of all payments within the prescribed time limit of 30 days, 60 days or 90 days for grants and with an average payment time of 14 days.

The GSA continued in 2016 to review and improve on its existing financial procedures. The result of this review in 2016 produced the following notable improvement:

- Treatment of grants – H2020 projects and external experts are running smoothly thanks to the EC IT tools (Compass/Sygma, EMI) which are now fully implemented at GSA. New modules introduced by the EC are contributing towards even more efficient management of grants and experts.

ANNEX 1

LIST OF ACRONYMS

Acronym	Definition
AD	Administrator
AST	Assistant
AO	Authorising officer
DA	Delegation agreement
CA	Contract agent
C1	Appropriations of the current year, approved by the budgetary authority and entered in the budget at the start of the financial year.
C2	Appropriations carried-over non-automatically
C4	Appropriations from internal assigned revenue of the year
C5	Appropriations from internal assigned revenue carried over
C8	Carry-forward of commitments (differentiated and non-differentiated) and corresponding payment appropriations (non-differentiated)
C9	Carry-forward of commitments without the corresponding payment (non-differentiated) appropriations
R0	Appropriations from external assigned revenue of the year and carried over
EC	European Commission
EGNOS	EGNOS European Geostationary Navigation Overlay System
FKC	Flight Key Cell
FP-6	Sixth Framework Programme for Research and Development
FP-7	Seventh Framework Programme for Research and Development
H2020	Horizon 2020
PRS	Public Regulated Service
SAB	Security Accreditation Board

GLOSSARY

Term	Definition
ABAC	This is the name given to the 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.
Administrative appropriations	Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
Adjustment	Amending budget or transfer of funds from one budget item to another
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 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. Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i>.</p> <p><i>Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request;</i></p> <p><i>(c) revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.</i></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 result	<p>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.</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>
Budgetary authority	<p>Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers</p>
Budgetary commitment	<p>A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.</p>
Cancellation of appropriations	<p>Unused appropriations that may no longer be used.</p>
Carryover of appropriations	<p>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.</p>
Commitment appropriations	<p>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></p>
De-commitment	<p>Cancellation of a reservation of appropriations</p>

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)
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 298, 26.10.2012, 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.
Implementation	Cf. Budget implementation
Income	Cf. Revenue
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. <i>Lapsing</i> means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities which is represented by an appropriation.
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 committed 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.
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 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.