



REPORT

ON

BUDGETARY AND FINANCIAL MANAGEMENT

2018

EUROPEAN GNSS AGENCY



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Introduction

The purpose of this report is to present a summary of the budgetary and financial management by the European GNSS Agency (GSA) in 2018.

LEGAL BASIS

Regulation (EU) No 912/2010 of the European Parliament and of the Council (as amended by Regulation (EU) No 512/2014 of the European Parliament and of the Council of 16 April 2014) setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council.

GNSS Regulation No 1285/2013 of the European Parliament and of the Council of 11 December 2013 on the implementation and exploitation of European satellite navigation systems and repealing Council Regulation (EC) No 876/2002 and Regulation (EC) No 683/2008 of the European Parliament and of the Council.

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 for the financial year".

CONTENT OF THE REPORT

This document is structured in three sections: an Executive Summary, and two parts on Budget management and Financial management.

EXECUTIVE SUMMARY

PART I: Budget management

- **Chapter one** summarises the budget evolution and management by the Agency, from the voted the voted budget made available at the beginning of the year 2018 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. It also includes the appropriations arising from earmarked revenue (via delegation agreements between the European Commission and the GSA) and provides analyses of the payment appropriations carried over.
- **Chapter three** presents an analysis of the outstanding commitments at the end of 2018.
- **Chapter four** provides information about revenue in 2018.
- **Chapter five** provides information related to the staff and establishment plan during 2018.

PART II: Financial management

- **Chapter six** describes the financial and accounting systems used by the Agency.
- **Chapter seven** reports on the financial management developments in 2018.

Annexes

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

Executive summary

The GSA began the year 2018 with an initial budget of 33,358,362 EUR. There was one amendment to the budget within the course of the year, which was to reduce overall appropriations by 1,127,780 EUR bringing it to the final amount of 32,230,582 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 times were 14.66 days, well below the 30 days EC benchmark and 20 days target. A total of 6,635 financial transactions were processed, representing a 1.7 % increase in comparison to 2017.

The GSA continued to manage a large amount of delegated budget in 2018. A total of 1,173,219,279 EUR was committed under delegated budget in 2018 and 796,500,300.84^a EUR made in payments.

Part I: Budget management

Chapter 1 Overview of the budget

1.1. Initial budget, amending budgets and final budget

The GSA draft budget 2018 was approved by the Administrative board on 27 January 2017 for a total amount of 33,358,362 EUR became the initial 2018 budget when the Council and European Parliament reached an agreement on the EU budget 2018. The GSA Administration Board approved 2018 budget amendment number 1 on 31 January 2018, reflecting the fact that GSA requested additional 23 TA posts and, in the final 2018 budget, only additional 10 TA posts were granted. The

^a Due to the late posting of a regularisation financial transaction, an impact of -24,619,893.77 EUR in assigned revenue payments on the line 3922 is not visible for the financial year 2018.



amendment also included the revised European Free Trade Association (EFTA) contribution of 692,581 EUR, reducing the 2018 initial budget by 1,127,780 EUR and bringing it to the final amount of 32,230,582 EUR.

The initial 2018 budget and 2018 amending budget number 1 were published in the Official Journal of the EU on 28 March 2018.

Seven budget transfers were processed in 2018, six of which were authorised by the Executive Director as they concerned transfers of amounts either within Titles or below 10% between Titles and one transfer authorised by Administrative Board^b on 5 October 2018. For a detailed overview of the GSA initial and final budget structure, with a consolidated presentation of amendments and transfers, please refer to the table on the next page.

^b Decision no: GSA-AB-WP-62

Table 1: 2018 Initial budget, amending budgets and final budget

Title		Initial voted budget		Amendments/ transfers			Final budget	
Budget line	Heading	Commitment appropriations (in EUR)	Payment appropriations (in EUR)	Commitment appropriations (in EUR)	Payment appropriations (in EUR)	Description	Commitment appropriations (in EUR)	Payment appropriations (in EUR)
Title 1 - Staff expenditure								
1100	Staff expenditure	15,047,000.00	15,047,000.00	544,761.63	544,761.63	Salaries budget line was reinforced to cover increase in the 2018 correction coefficient.	15,591,761.63	15,591,761.63
1200	Recruitment costs	116,000.00	116,000.00	21,250.00	21,250.00	Reinforcement needed due to unforeseen replacements.	137,250.00	137,250.00
1210	Medical services	33,000.00	33,000.00	19,317.15	19,317.15	Increased need related to pre-recruitment medical visits which were higher than originally estimated.	52,317.15	52,317.15
1300	Missions and travel	1,307,456.00	1,307,456.00	151,586.00	151,586.00	Operational needs for missions were higher than foreseen, in particular due to the 2018 satellite launch.	1,459,042.00	1,459,042.00
1400	Training expenditure	239,000.00	239,000.00	142,820.00	142,820.00	Increase relates to additional need for Cyber Security training.	381,820.00	381,820.00
1500	Social measures	850,000.00	850,000.00	-481,803.00	-481,803.00	Value of the contracts signed was lower than originally estimated.	368,197.00	368,197.00
1600	Interims & trainees	300,000.00	300,000.00	24,482.00	24,482.00	Increase relates to the unforeseen change of the provider of interim workers in 2018, where new contract prices are higher than originally budgeted.	324,482.00	324,482.00
1700	Represent. expenditure	2,000.00	2,000.00	-1,296.26	-1,296.26	Consumption was lower than foreseen.	703.74	703.74
1800	Tuition fees	1,230,000.00	1,230,000.00	208,437.32	208,437.32	Tuition fees were higher than originally anticipated, given the unknown number of children and schools they will attend, when recruiting new staff.	1,438,437.32	1,438,437.32
	Total for title 1	19,124,456.00	19,124,456.00	629,554.84	629,554.84		19,754,010.84	19,754,010.84
Title 2 - Administrative expenditure								



Title		Initial voted budget		Amendments/ transfers			Final budget	
2000	Rental of buildings	3,381,000.00	3,381,000.00	-247,141.74	-247,141.74	New framework contracts with expected increase in prices for facility management of the Prague building and France guarding contract were delayed, therefore extensions of the existing contracts were cheaper than planned. Further savings were possible in quality management contracts due to unavailability of certain profiles.	3,133,858.26	3,133,858.26
2100	Data processing	1,663,606.00	1,663,606.00	1,591,668.34	1,591,668.34	As a significant amount of budget has been released on Title 3, the decision has been made to reinforce the Data Processing budget line, to make investments and initiate projects which had to be put on hold due to lack of budget availability but also to sign a further specific contract for external IT consultants which was covered until the end of October only and, in thus doing, ensure continuity of services across the full IT spectrum for a further year.	3,255,274.34	3,255,274.34
2200	Movable property	100,000.00	100,000.00	-82,425.97	-82,425.97	Purchase of furniture for new staff was postponed.	17,574.03	17,574.03
2300	Current admin. costs	863,000.00	863,000.00	209,466.23	209,466.23	Current administrative costs were reinforced to allow the signature of further specific contracts for consultants providing legal advice which have proved to be invaluable at a time when the GSA is severely lacking appropriate human resources to implement all necessary tasks, both operational and administrative.	1,072,466.23	1,072,466.23
2400	Postage and telecommunication	405,300.00	405,300.00	-194,671.15	-194,671.15	Achieved economies brought lower consumption than originally planned.	210,628.85	210,628.85
2500	Meetings	60,000.00	60,000.00	11,594.00	11,594.00	Meetings budget line increased consumption was due to the costs of organising and hosting the COSPAS-SARSAT meeting in Prague.	71,594.00	71,594.00



Title		Initial voted budget		Amendments/ transfers			Final budget	
2600	SAB administrative expenditure	350,000.00	350,000.00	-55,821.71	-55,821.71	Savings were achieved mainly due to the lower mission expenses.	294,178.29	294,178.29
	Total for title 2	6,822,906.00	6,822,906.00	1,232,668.00	1,232,668.00		8,055,574.00	8,055,574.00
	Total for titles 1 and 2	25,947,362.00	25,947,362.00	1,862,222.84	1,862,222.84		27,809,584.84	27,809,584.84
Title 3 - Operational expenditure								
3100	Studies and operations	6,361,000.00	6,361,000.00	-2,474,786.59	-2,664,703.26	<p>Due to delays over the years in the operations, current Security Support Services contract (signed in December 2017) had sufficient budget to allow continuity of activities until the beginning of 2019. Originally planned contract to be signed in 2018 for 2,090,000 EUR was therefore postponed until 2019. Also the procurement procedure for GSMC Security Monitoring (which was planned to result in a contract in 2018 of 300,000 EUR) had to be cancelled as no acceptable offers were received. As a result, it was decided to increase the value of the current Framework contract limit and to sign another specific contract under the current FWC for a limited amount of 150,000 EUR covering services up to May 2019, resulting in consumption of only 50% of the initially planned budget.</p> <p>Corresponding budget was transferred to other areas where such funds were urgently needed, e.g. staff salaries, missions, training, tuition, buildings, legal services and important IT projects and activities which have had to be put on hold due to lack of budget availability.</p> <p>Payment appropriations in the amount of 189 thousand EUR were transferred to BL 3100 to cover expected payments on legal obligations from both previous years and in 2018.</p>	3,886,213.41	3,696,296.74



Title		Initial voted budget		Amendments/ transfers			Final budget	
3300	SAB operational expenditure	1,050,000.00	1,050,000.00	-515,216.25	-325,299.58	Several ongoing contracts from previous years have been extended due to operational delays out of the GSA's control. Therefore there was no longer a need to sign additional contracts in 2018.	534,783.75	724,700.42
	Total for title 3	7,411,000.00	7,411,000.00	-2,990,002.84	-2,990,002.84		4,420,997.16	4,420,997.16
	TOTAL titles 1, 2 and 3	33,358,362.00	33,358,362.00	-1,127,780.00	-1,127,780.00	Amending budget no 1: decreased commitment and payment appropriations by 1,127,780 EUR, reflecting the fact that GSA requested additional 23 TA posts and, in the final 2018 budget, only additional 10 TA posts were granted.	32,230,582.00	32,230,582.00



1.2. List of amending budgets adopted by the Board

Table 2: List of amending budgets in 2018

	Date of adoption	Main subject Description	Impact on Commitment appropriations (in EUR)	Impact on Payment appropriations (in EUR)
1	31-Jan-18	Adjustment of budget according to the actual EC contribution approved by budgetary authority and actual 2018 EFTA contribution.	-1,127,780	-1,127,780

1.3. List of transfers adopted by the Director/Administrative Board

Seven budget transfers were processed in 2018, six of which were authorised by the executive Director as they concerned transfers of amounts either within Titles or below 10% between Titles and one transfer was authorised by Administrative Board on 5 October 2018.

Table 3: List of transfers in 2018

#	Date of transfer adoption	Main subject description	From	To	Impact on Commitment appropriations (in EUR)	Impact on Payment appropriations (in EUR)
1	07/08/2018	<p>This transfer concerns the reallocation of available funds to cover increased staff needs due to the impact of the increase of the correction coefficient at the end of 2017 and additional needs for relocation allowances for departing staff compared to initial estimations, additional needs for installation allowance and for the annual travel allowance.</p> <p>In addition to this, there are increased needs on the Data Processing budget line (BL2100) in order to cope with the associated costs of additional TA posts awarded by the budgetary authority, the need to ensure the replacement of outdated equipment and to furnish the new GSMC building in Madrid. Budget on certain GSMC activities was therefore reduced and the associated funds transferred from Title 3. In view of ever-increasing security needs, title 3 budget was also transferred to the Training budget line (BL1400) in order to cover specialised Cyber Security training for select operational staff.</p> <p>Meetings budget line (2500) was reinforced to cover the costs for organising and hosting the COSPAS-SARSAT meeting in Prague and a workshop on H2020. Unused budget for social measures (BL1500) was transferred to the Missions budget line (BL1300) due to overall increased needs for missions, in particular due to LEOP activities related to Launch 10.</p> <p>EUR 1,800,000 in payment appropriations only (Title 3 appropriations are differentiated) were transferred from BL3100 to BL3300 in order to cover expected payments on legal obligations from both previous years and in 2018.</p>	BL1500	BL1100 BL1300	450,000	450,000
			BL3100	BL1400 BL2100 BL2300 BL2500	636,100	636,100
			BL3300	BL2600	105,000	105,000
			BL3100	BL3300		1,800,000
2	08/10/2018	<p>Reallocation of payment appropriations only within Title 3 (from BL3300 to BL3100) to ensure an adequate amount of payment appropriations on BL3100 in order to process the budget transfer by Written Procedure (transfer no 3) as approved by the Administrative Board, in light of the fact that this involves a transfer of budget from a line with differentiated appropriations to lines with non-differentiated appropriations.</p>	BL3300	BL3100		1,641,053.3

#	Date of transfer adoption	Main subject description	From	To	Impact on Commitment appropriations (in EUR)	Impact on Payment appropriations (in EUR)
3	09/10/2018	<p>This transfer was approved by AB decision GSA-AB-WP-62 from 5/10/2018.</p> <p>Contract for Security Support Services (SSS) was supposed to be signed in 2018 for value of EUR 2,090,000 under operational expenditure budget line (BL3300). Due to certain delays over the years in the operations and therefore also in the implementation of the SSS contracts, the currently valid SSS contract (signed in December 2017) has sufficient budget to allow continuity of activities until the beginning of 2019. In order to respect the principle of annuality, the GSA considered it appropriate to delay the signature of a further contract for SSS services until early 2019 and to transfer the released budget to other areas where there were deficiencies.</p> <p>These included staff salaries, missions, training, tuition, buildings, legal services and important IT projects and activities which have had to be put on hold due to lack of budget availability.</p>	BL3100	BL1100 BL1400 BL1800 BL2000 BL2100 BL2300	2,299,900	2,299,900
			BL3300	BL1100 BL1300	539,000	539,000
4	06/11/2018	<p>EUR 323,211 was transferred from Training expenditure (1400), Social Measures (BL1500), Data processing (2100) and Postage and telecommunications (BL2400) to be used to extend the existing SSS2 SC4 under budget line 3100. Extension of the current contract was needed in order to ensure service continuity before new contract will be in place beginning of 2019.</p> <p>Appropriations in the amount of EUR 128,821 were transferred from Current administrative costs (BL2300), Meetings (BL2500) and SAB administration budget line (2600 to reinforce SAB operational expenditure (BL3300) in order to sign specific contract under GSA/OP/12/14/LOT1.</p>	BL1400 BL1500 BL2000 BL2100 BL2400 BL2200	BL3100	323,211	323,211
			BL2200 BL2300 BL2500 BL2500	BL3300	128,821	128,821
5	10/12/2018	<p>EUR 175,854.97 was transferred from Salaries (BL1100), 122,000 EUR from SAB administrative expenditure (BL2600) and 30,171.15 EUR from Postage and telecommunications (BL2400) to be used to reinforce Budget line 3100 for signature of High precision surveying contract, Buildings (BL2000) to enable extension of current Facility management contract as new tender procedure was delayed and Data processing budget line (BL2100).</p> <p>Interims and trainees (BL1600) and Tuition budget lines (BL1800) were reinforced to cover higher than expected expenses.</p>	BL1100	BL1600 BL1800	175,854.97	175,854.97

#	Date of transfer adoption	Main subject description	From	To	Impact on Commitment appropriations (in EUR)	Impact on Payment appropriations (in EUR)
				BL2000 BL3100 BL2600 BL2000 BL2100 BL2300 BL2500 BL2400 BL2200 BL3300 BL3100	122,000 47,176.15 37.25	122,000 47,176.15 37.25
6	18/12/2018	<p>Available funds were reallocated from budget line 1100 Salaries (EUR 55,463.03) and budget line 1300 missions (EUR 6,647.16) to operational budget line (BL3100) to enable signature of communication contract for stand in the ATM WORLD 2019. Available funds on budget line 1300 Missions were used to reinforce budget line 1200 Recruitment due to higher expenses than estimated. EUR 10,000 available under budget line 1500 Social measures was moved to budget line 1400 Interims and trainees.</p> <p>Funds available due to savings from Prague guarding contract on Buildings budget line (BL2000) and also savings from Postage and Telecommunication (BL2400) and Meetings (BL2500) were used to reinforce budget line 2100 Data processing.</p>	BL1100 BL1300 BL1210 BL1300 BL1500 BL1700 BL2000 BL2400 BL2500	BL3100 BL1200 BL1800 BL1200 BL1400 BL1800 BL2100	62,110.19 7,682.85 26,892.84 10,000.00 1,296.26 8,402.80	62,110.19 7,682.85 10,000.00 1,296.26 8,402.80
7	21/12/2018	This transfer concerns the reallocation of available funds on a number of budget lines in order to	BL1100	BL1500	18,197.00	18,197.00

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Chapter 2 Budget implementation in 2018

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

Where 2018 C1 payment appropriations were concerned, execution rate was also of 100%. This execution rate incorporates the non-automatic carry forward of payment appropriations to the amount of 1,142,816.9 EUR adopted by the Administrative Board on 31 January 2018 in order to maximise the use of the remaining payment credits on Title 3.

Table 4: Execution of C1 commitment appropriations 2018, in EUR

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2018	Commitment Appropriations (CAs)			
			EXECUTED IN 2018	%	UNCOMMITTED	%
Title 1 - Staff expenditure						
1100	Staff expenditure	15,591,761.63	15,591,761.63	100%	0.00	0%
1200	Recruitment costs	137,250.00	137,250.00	100%	0.00	0%
1210	Medical services	52,317.15	52,317.15	100%	0.00	0%
1300	Missions and travel	1,459,042.00	1,459,042.00	100%	0.00	0%
1400	Training expenditure	381,820.00	381,820.00	100%	0.00	0%
1500	Social measures	368,197.00	368,197.00	100%	0.00	0%
1600	Interims & Trainees	324,482.00	324,482.00	100%	0.00	0%
1700	Representation expenditure	703.74	703.74	100%	0.00	0%
1800	Tuition fees	1,438,437.32	1,438,437.32	100%	0.00	0%
	Total for title 1	19,754,010.84	19,754,010.84	100%	0.00	0%
Title 2 - Administrative expenditure						
2000	Rental of buildings	3,133,858.26	3,133,858.26	100%	0.00	0%
2100	Data processing	3,255,274.34	3,255,274.34	100%	0.00	0%
2200	Movable property	17,574.03	17,574.03	100%	0.00	0%
2300	Current administrative costs	1,072,466.23	1,072,466.23	100%	0.00	0%
2400	Postage and telecommunication costs	210,628.85	210,628.85	100%	0.00	0%
2500	Meetings	71,594.00	71,594.00	100%	0.00	0%
2600	SAB administrative expenditure	294,178.29	294,178.29	100%	0.00	0%
	Total for title 2	8,055,574.00	8,055,574.00	100%	0.00	0%
	Total for titles 1 and 2	27,809,584.84	27,809,584.84	100%	0.00	0%

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2018	Commitment Appropriations (CAs)			
			EXECUTED IN 2018	%	UNCOMMITTED	%
Title 3 - Operational expenditure						
3100	Expenditure on studies	3,886,213.41	3,886,213.41	100%	0.00	0%
3300	SAB operational expenditure	534,783.75	534,783.75	100%	0.00	0%
	Total for title 3	4,420,997.16	4,420,997.16	100%	0.00	0%
	TOTAL T1+T2+T3	32,230,582.00	32,230,582.00	100%	0.00	0%

Table 5: Execution of C1 payment appropriations 2018, in EUR

Budget line	Heading	PAYMENT APPROPRIATIONS BUDGETED 2018	Payment Appropriations (PAs)					
			PAID IN 2018	%	CARRIED FORWARD	%	TOTAL EXECUTED	%
Title 1 - Staff expenditure								
1100	Staff expenditure	15,591,761.63	15,591,761.63	100%	0.00	0%	15,591,761.63	100%
1200	Recruitment costs	137,250.00	98,850.59	72%	38,399.41	28%	137,250.00	100%
1210	Medical services	52,317.15	5,398.15	10%	46,919.00	90%	52,317.15	100%
1300	Missions and travel	1,459,042.00	1,263,228.93	87%	195,813.07	13%	1,459,042.00	100%
1400	Training expenditure	381,820.00	254,984.18	67%	126,835.82	33%	381,820.00	100%
1500	Social measures	368,197.00	186,940.64	51%	181,256.36	49%	368,197.00	100%
1600	Interims & Trainees	324,482.00	206,656.80	64%	117,825.20	36%	324,482.00	100%
1700	Representation expenditure	703.74	663.74	94%	40.00	6%	703.74	100%
1800	Tuition fees	1,438,437.32	1,417,724.12	99%	20,713.20	1%	1,438,437.32	100%
	Total for title 1	19,754,010.84	19,026,208.78	96%	727,802.06	4%	19,754,010.84	100%
Title 2 - Administrative expenditure								
2000	Rental of buildings	3,133,858.26	1,931,148.66	62%	1,202,709.60	38%	3,133,858.26	100%
2100	Data processing	3,255,274.34	744,350.06	23%	2,510,924.28	77%	3,255,274.34	100%
2200	Movable property	17,574.03	17,574.03	100%	0.00	0%	17,574.03	100%
2300	Current administrative costs	1,072,466.23	421,714.96	39%	650,751.27	61%	1,072,466.23	100%
2400	Postage and telecommunication costs	210,628.85	83,489.29	40%	127,139.56	60%	210,628.85	100%
2500	Meetings	71,594.00	62,760.06	88%	8,833.94	12%	71,594.00	100%
2600	SAB administrative expenditure	294,178.29	277,243.03	94%	16,935.26	6%	294,178.29	100%

Budget line	Heading	PAYMENT APPROPRIATIONS BUDGETED 2018	Payment Appropriations (PAs)					
			PAID IN 2018	%	CARRIED FORWARD	%	TOTAL EXECUTED	%
	Total for title 2	8,055,574.00	3,538,280.09	44%	4,517,293.91	56%	8,055,574.00	100%
	Total for titles 1 and 2	27,809,584.84	22,564,488.87	81%	5,245,095.97	19%	27,809,584.84	100%
	Title 3 - Operational expenditure							
3100	Expenditure on studies	3,696,296.74	3,695,421.52	100%	0.00	0%	3,695,421.52	100%
3300	SAB operational expenditure	724,700.42	724,700.42	100%	0.00	0%	724,700.42	100%
	Total for title 3	4,420,997.16	4,420,121.94	100%	0.00	0%	4,420,121.94	100%
	TOTAL T1+T2+T3	32,230,582.00	26,984,610.81	84%	5,245,095.97	16%	32,229,706.78	100%

2.1 Internal assigned revenues (C4, C5) – implementation

Fund source C4 – Internal assigned revenues of the year

Table 6: Execution of C4 commitment and payment appropriations 2018, in EUR

Budget line	Heading	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Uncommitted	Carried over
1200	Recruitment costs	444.37	0	0.00%	0	0.00%	444.37	444.37
1300	Missions and travel	2,196.21	0	0.00%	0	0.00%	2,196.21	2,196.21
1500	Social measures	1,445.90	0	0.00%	0	0.00%	1,445.90	1,445.90
1800	Tuition fees	64,124.25	0	0.00%	0	0.00%	64,124.25	64,124.25
2000	Rental of buildings	240,233.68	0	0.00%	0	0.00%	240,233.68	240,233.68
2100	Data processing	31,704.35	0	0.00%	0	0.00%	31,704.35	31,704.35
2300	Current admin. costs	228.69	0	0.00%	0	0.00%	228.69	228.69
	Total	340,377.45	0	0.00%	0	0.00%	340,377.45	340,377.45

Fund source C5 – Carried-over internal assigned revenues

Table 7: Execution of C5 commitment and payment appropriations 2018, in EUR

Budget line	Heading	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Uncommitted	Balance Payment (2-3)
1100	Staff expenditure	2,071.58	2,071.58	100.00%	2,071.58	100.00%	0.00	0.00
1300	Missions and travel	5,977.91	5,977.91	100.00%	5,977.91	100.00%	0.00	0.00
1400	Training expenditure	3,180.14	3,180.14	100.00%	3,180.14	100.00%	0.00	0.00
1600	Interims & Trainees	766.14	766.14	100.00%	766.14	100.00%	0.00	0.00
1800	Tuition fees	3,167.61	3,167.61	100.00%	3,167.61	100.00%	0.00	0.00
2000	Rental of buildings	218,331.57	218,331.57	100.00%	218,331.57	100.00%	0.00	0.00
2100	Data processing	12,356.55	12,356.55	100.00%	12,356.55	100.00%	0.00	0.00
2400	Postage and telecom. costs	15.26	15.26	100.00%	15.26	100.00%	0.00	0.00
	Total	245,866.76	245,866.76	100%	245,866.76	100.00%	0.00	0.00

2.2 Operational Expenditure – multi-annual overview

Table 8: C1 commitment appropriations under Title 3 in 2018, 2017 and 2016, in EUR

Budget line	Heading	Commitment Appropriations 2018	Commitment Appropriations 2017	Commitment Appropriations 2016
3100	GSMC operations	710,611	2,991,502	3,490,420
3100	Promotion and marketing of the services	3,175,602.41	2,217,274.11	3,792,658.96
3300	Security accreditation	534,784	695,937.75	649,552
	Total	4,420,997.16	5,904,713.86	7,932,630.96

2.3 Appropriations arising from earmarked revenue – Delegation agreements with the European Commission (EC)

The GSA continued to manage a large number of delegated appropriations by the European Commission during 2018. Earmarked appropriations are appropriations from external assigned revenue – fund source R0.

Table 9: Overview of external assigned revenue budget lines in 2018, in EUR

Budget line	Heading	Summary of development	2018 Cash flow
3913	FP7 2 nd call	Call project activities have been finalised and Agency proceeded with its financial and administrative closure.	No additional payment appropriations requested; unused balance partly returned to the EC. Closure of the budget line is pending the enforcement of three open recovery orders in the Guarantee Fund.
3917	FP7 3 rd call	All projects financed under this call were closed in 2016.	No additional payment appropriations requested; unused balance partially returned to the EC. Closure of the budget line is pending the enforcement of three open recovery orders.
3918	PRS Delegation Agreement	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). No payments were made in 2018, EUR 3,027,701.50 still remains to be paid on 2 open contracts.	No additional payment appropriations requested.



3920	EGNOS Exploitation Delegation Agreement	<p>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.</p> <p>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.</p> <p>A total amount of 330.4 million EUR was committed in 2018 with a total of 162.6 million EUR made in payments.</p>	Payment appropriations for a total of 90.494 million EUR were inscribed in two instalments.
3921	Horizon 2020 1 st call	<p>There were 27 grants agreements signed under 1st call of H2020 for a total of approximately 40 million EUR.</p> <p>Total of EUR 422,561.24 has been committed in 2018.</p> <p>All 27 signed grants closed the technical activities by the end of 2018.</p> <p>At the end of December 2018 there were 12 grants payments executed: 1 interim payments, 10 final payments and 1 guarantee fund payment.</p> <p>In terms of procurement PRS contracts are still ongoing.</p> <p>Under H2020 1st call in 2018 the GSA has paid a total of EUR 12,948,316.53 in the following way: grants - EUR 1,566,367.89, external experts - EUR 135,206.83, PRS procurement: EUR 11,246,741.81.</p>	Payment appropriations for a total of EUR 9,180,259.99 were inscribed.
3922	Galileo Exploitation Delegation Agreement	<p>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. In 2018 it was further amended by 410 million EUR bringing the total amount delegated under this agreement to 2.81 billion EUR.</p> <p>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.</p> <p>A total amount of EUR 831.8 million EUR was committed in 2018 under this Delegation Agreement and a total amount of 612.9^c million EUR was made in payments in 2018.</p>	Payment appropriations for a total of 612.043 million EUR were inscribed in two instalments.

^c Due to the late posting of a regularisation financial transaction, an impact of -24,619,893.77 EUR in assigned revenue payments on the line 3922 is not visible for the financial year 2018.



3923	Horizon 2020 2 nd call	In total 13 grant agreements were signed under H2020 2 nd call. 9 projects of the 2nd call have already ended and the remaining 4 projects are ongoing. A total of EUR 2,205,013.21 was paid in in 2018 (EUR 2,083,992.51 for grants payments and EUR 121,020.70 for reviews by external experts).	Payment appropriations for a total of EUR 1,240,097.15 were inscribed.
3924	Horizon 2020 3 rd call	There were 5 grant agreements signed in 2018 under 3 rd call, total amount committed was EUR 10,602,340.76 (EUR 10,587,340.76 for grants and EUR 15,000 was committed for reviews by external experts). At the end of 2018 a total of EUR 5,882,130.75 was paid (EUR 5,823,043.61 for pre-financing and EUR 59,087.14 for review by external experts).	Payment appropriations for a total of EUR 888,152 were inscribed.



Cash flow of delegated budget

Table 10: Overview of earmarked revenue (R0) during 2018, in EUR

Budget line	Activity	Commitments in 2018	Payment appropriations 1/1/2018	2018 payment appropriations received (+) /returned (-)	Payments made during 2018	Remaining payment appropriations 31/12/2018
3913	FP7 1&2 calls	0	141,786.20		0	141,786.20
3917	FP7 3rd call	0	334,803.98		0	334,803.98
3918	PRS DA	0	3,027,701.50		0.00	3,027,701.50
3919	Exploitation DA	0	0	0.00	0	0.00
3920	EGNOS DA	330,411,290.30	193,269,050.32	90,494,115.84	162,586,033.43	121,177,132.73
3921	H2020 1st call	422,561.24	14,110,038.07	9,182,189.84	12,948,316.53	10,343,911.38
3922	Galileo DA	831,779,984.93	299,134,453.08	612,043,386.38	612,878,816.92 ^d	298,299,022.54
3923	H2020 2nd call	3,102.00	3,534,896.39	1,240,097.15	2,205,013.21	2,569,980.33
3924	H2020 3rd call	10,602,340.76	5,956,438.63	888,152.00	5,882,130.75	962,459.88
	Totals	1,173,219,279.23	519,509,168.17	713,847,941.21	796,500,310.84	436,856,798.54

^d Due to the late posting of a regularisation financial transaction, an impact of -24,619,893.77 EUR in assigned revenue payments on the line 3922 is not visible for the financial year 2018.

Table 11: Overview of earmarked revenue (R0) – cumulative appropriations, in EUR

Budget line	Activity	Cumulative Commit. Appropriations (1)	Cumulative Executed Commitment amount (2)	% Committed (2/1)	Cumulative Credit Not Used (1-2)	Cumulative Payment Appropriations (3)	2018 Executed Payment amount (4)	% Paid (4/3)	R A L (2-4)
3913	FP7 1 st and 2 nd call	296,527.11	0	0%	296,527.11	141,786.20	0	0%	0
3917	FP7 3rd call	1,753,834.16	0	0%	1,753,834.16	334,803.98	0	0%	0
3918	PRS DA	3,132,188.88	3,027,701.50	97%	104,487.38	3,027,701.50	0	0%	3,027,701.50
3919	Exploitation DA	0	0	0%	0	0		0%	0
3920	EGNOS DA	1,126,837,299.68	717,498,853.48	64%	409,338,446.20	283,763,166.16	162,586,033.43	57%	554,912,820.05
3921	H2020 1st call	27,324,312.92	24,819,177.47	91%	2,505,135.45	23,292,227.91	12,948,316.53	56%	11,870,860.94
3922	Galileo DA	2,299,366,323.16	1,621,233,476.89	71%	678,132,846.27	911,177,839.46	612,878,816.92 ^e	67%	1,008,354,659.97
3923	H2020 2nd call	7,520,277.39	5,986,132.24	80%	1,534,145.15	4,774,993.54	2,205,013.21	46%	3,781,119.03
3924	H2020 3rd call	23,240,438.63	22,959,472.79	99%	280,965.84	6,844,590.63	5,882,130.75	86%	17,077,342.04
Total		3,489,471,201.93	2,395,524,814.37	69%	1,093,946,387.56	1,233,357,109.38	796,500,310.84	65%	1,599,024,503.53

^e Due to the late posting of a regularisation financial transaction, an impact of -24,619,893.77 EUR in assigned revenue payments on the line 3922 is not visible for the financial year 2018.

2.4 Payment appropriations carried over from 2017 to 2018 and carried over from 2018 to 2019

Automatic and non-automatic carry over of C1 appropriations to financial year 2019 totalled EUR 5,245,095.97 (from 2017 to 2018: EUR 3,927,926.6).

Payment appropriations carried over on Title 2 (automatic carry-over) from 2017 to 2018, represented 56% of the total Title 2 budget, in comparison to 42% carried over on Title 2 (automatic carry-over) from 2017 to 2018.

There were no payment appropriations on Title 3 carried over in 2018 (non- automatic carry over). In comparison to EUR 1,142,816.90 EUR carried over from 2017 to 2018. 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.

Table 12: Automatic carry over, in EUR

	Automatic carry over from 2018 to 2019			Automatic carry over from 2017 to 2018		
	Total C1 commitments 2018	of which carried over to 2019	%	Total C1 commitments 2017	of which carried over to 2018	%
Title 1 Staff	19,754,010.84	727,802.06	3.68%	17,355,489.89	586,481.24	3.4%
Title 2 Administrative expenditure	8,055,574.00	4,517,293.91	56.08%	5,207,444.25	2,198,628.46	42%
Title 3 Operational expenditure	4,420,997.16	0	0%	5,904,713.86	0	0%
Total	32,230,582	5,245,095.97	16.27%	28,467,648	2,785,109.7	9.8%

Table 13: Non automatic carry over, in EUR

	Non automatic carry over 2018 to 2019			Non automatic carry over 2017 to 2018		
	Total C1 commitments 2018	of which carried over to 2019	%	Total C1 commitments 2017	of which carried over to 2018	%
Title 1 Staff	19,754,010.84	0	0%	17,355,489.89	0	0%
Title 2 Administrative expenditure	8,055,574.00	0	0%	5,207,444.25	0	0%
Title 3 Operational expenditure	4,420,997.16	0	0%	5,904,713.86	1,142,816.90	19%
	32,230,582	0	0%	28,467,648	1,142,816.90	4%

Chapter 3 Analysis on outstanding commitments

This chapter summarises the evolution of outstanding commitment balances during 2018 by budget line and title.

Cancellations under Title 1 and Title 2 were related to unused C8 credits automatically becoming C9 credits in the following year for staff related and administrative expenditure budget lines.

Table 14: Overview of outstanding balances at the end of 2018, in EUR

Budget line	Description	Outstanding balances as of 01/01/2018 C5,C8	Payments on outstanding balances in 2018	New 2018 commitments C1,C4, C5	Payments on new 2018 commitments C1,C2,C4,C5	Cancellations in 2018	Outstanding balances as of 31/12/2018 RAL
		(a)	(b)	(c)	(d)	(e)	(f)=(a)-(b)+(c)-(d)-(e)
1100	Staff costs	0	-	15,593,833.21	15,593,833.21	0.00	0.00
1200	Recruitment	20,741.60	20,741.60	137,250.00	98,850.59	0.00	38,399.41
1210	Medical expenses	23,562.01	23,040.18	52,317.15	5,398.15	521.83	46,919.00
1300	Missions	194,542.08	154,252.16	1,465,019.91	1,269,206.84	40,289.92	195,813.07
1400	Training	42,770.84	37,015.74	385,000.14	258,164.32	5,755.10	126,835.82
1500	Social measures	64,472.94	64,472.94	368,197.00	186,940.64	0.00	181,256.36
1600	Interims & Trainees	113,926.28	112,024.65	325,248.14	207,422.94	1,901.63	117,825.20
1700	Representation	0	-	703.74	663.74	0.00	40.00
1800	Tuition fees	126,465.49	126,465.49	1,441,604.93	1,420,891.73	0.00	20,713.20
	Total title 1	586,481.24	538,012.76	19,769,174.22	19,041,372.16	48,468.48	727,802.06



Budget line	Description	Outstanding balances as of 01/01/2018 C5,C8	Payments on outstanding balances in 2018	New 2018 commitments C1,C4, C5	Payments on new 2018 commitments C1,C2,C4	Cancellations in 2018	Outstanding balances as of 31/12/2018 RAL
2000	Rent	757,605.99	744,936.49	3,352,189.83	2,149,480.23	12,669.50	1,202,709.60
2100	Data processing	730,441.83	728,876.22	3,267,630.89	756,706.61	1,565.61	2,510,924.28
2200	Movable property	0	0.00	17,574.03	17,574.03	0.00	-
2300	Current admin costs	424,068.54	411,671.00	1,072,466.23	421,714.96	12,397.54	650,751.27
2400	Post/telecom	154,134.52	115,144.87	210,644.11	83,504.55	38,989.65	127,139.56
2500	Meetings	6,051.61	4,006.42	71,594.00	62,760.06	2,045.19	8,833.94
2600	SAB administrative expenditure	126,325.97	115,578.01	294,178.29	277,243.03	10,747.96	16,935.26
	Total title 2	2,198,628.46	2,120,213.01	8,286,277.38	3,768,983.47	78,415.45	4,517,293.91
3100	Operations & studies	6,455,593.83	4,432,359.38	3,886,213.41	399,721.71	875.22	5,508,850.93
3300	SAB costs	1,209,573.50	730,857.75	534,783.75	0.00		1,013,499.50
	Total title 3	7,665,167.33	5,163,217.13	4,420,997.16	399,721.71	875.22	6,522,350.43
	Totals	10,450,277.03	7,821,442.90	32,476,448.76	23,210,077.34	127,759.15	11,767,446.40

Chapter 4 Revenue

4.1. Nature of Revenue

Table 15: Overview of revenue in 2018, in EUR

Budget Item	Type of revenue	Revenue Budget	Entitlements established	Revenue received	Outstanding at the end of the year
2000	Commission subsidy (for the operating budget - Titles 1,2 and 3 - of the agency)	32,230,581.78	32,230,581.78	32,230,581.78	0.00
2008	Other subsidy from Commission (Delegation Agreements)	0.00	713,803,951.14	713,803,951.14	0.00
9000	Other income (Recovery orders issued in 2018)	0.00	716,232.20	384,367.52	331,864.68
	TOTAL	32,230,581.78	746,750,765.12	746,418,900.44	331,864.68



Chapter 5 Staff and establishment plan for 2018

Table 16: Establishment plan in 2018

	2018			
	Authorised under the EU Budget		Filled as of 31/12/2018	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14		1		1
AD 13		3		3
AD 12		6		1
AD 11		7		4
AD 10		14		9
AD 9		13		20
AD 8		32		32
AD 7		35		35
AD 6		8		12
AD 5		4		7
AD total		123		124
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6		2		1
AST 5		1		1
AST 4		1		1
AST 3		1		1
AST 2				
AST 1				
AST total		5		4
GRAND TOTAL	128		128	

Part II Financial management

Chapter 6 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 four EU countries), Paperless, an electronic workflow validation system developed for the GSA is used to carry out all financial transactions in the Agency. No paper has been used since September 2012 to sign, verify or 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). A new version of Paperless has been in preparation in 2018, with a release planned in 2019. It will have new features added based on user feedback, 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 7 Financial management

In quantitative terms, the GSA carried out the following number of transactions during 2018: 508 commitments, de-commitments and modification of commitments, 4,448 payment requests, 1,615 mission orders, 57 recovery orders and 7 budget transfers. All in all, 6,635 financial transactions were processed by the GSA in 2018 (in comparison to 6,527 transactions processed in 2017).

The GSA succeeded in maintaining its payment time statistics in 2018 with 98.9 % 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 14.66 days.

The GSA continued in 2018 to review and improve on its existing financial procedures. The result of this review in 2018 produced the following notable improvements:

Treatment of grants:

- H2020 projects and external experts are running smoothly thanks to the EC IT tools (Compass/Sygma, EMI) which is fully implemented by GSA. New modules introduced by the European Commission are contributing towards even more efficient management of grants and experts and improving risk monitoring.
- The final ex-ante and ex-post strategy for Fundamental Elements, EGNOS and Galileo grants which are managed by the GSA under Delegation Agreements signed with the European Commission has been authorised following consultation and advice from the European Court of Auditors on 15/12/2017.
- Ex-ante and ex-post strategy for H2020 Calls are managed in line with the European Commission strategy for H2020 programme and in close cooperation with the Common Audit Service (CAS) of DG for Research and Innovation (DG RTD). The audit targets set for year 2018 have been fulfilled.

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



Acronym	Definition
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)	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.
Budget	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.
Budget result	The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for Agencies.
Budget implementation	Consumption of the budget through expenditure and revenue operations.
Budget item / Budget line / Budget position	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.
Budgetary authority	Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers



Budgetary commitment	A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
Cancellation of appropriations	Unused appropriations that may no longer be used.
Carryover of appropriations	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
Commitment appropriations	Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Art. 7 FR: <i>Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.</i>
De-commitment	Cancellation of a reservation of appropriations
Differentiated appropriations	Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: <i>Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.</i>
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution. (Cf. Assigned revenue)
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 authorization.