

REPORT

ON

BUDGETARY AND FINANCIAL MANAGEMENT

2014

EUROPEAN GNSS AGENCY

PRESENTATION OF CONTENTS

The purpose of this report is to present a synthesis of the budgetary and financial management by the European GNSS Agency (GSA) in 2014.

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 parts: 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 2014 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 2013 to 2014 and the payment appropriations carried over from 2014 to 2015.
- **Chapter five** presents an analysis of the outstanding commitments at the end of 2014.
- **Chapter six** provides information related to our staff and establishment plan during 2014.

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 2014.

EXECUTIVE SUMMARY

The GSA began the year 2014 with an initial budget of 25,369,057 EUR. There was no amendment to the overall amount of the budget during the year.

Budget execution for the year was 99.84% in commitment appropriations and also in payment appropriations when taking into account the non-automatic carry-forward in order to maintain the GSA's payment capacity on existing legal obligations.

The number of financial transactions increased significantly in comparison with 2013 (an overall increase of 24%) with average payment times of 13 days, well below the 30 days EU benchmark and an improvement on 2013's average payment times of 17 days.

A reduction in the number of posts in the establishment plan for 2015 resulted in a temporary freeze on recruitment in order for the Agency to reassess its staffing priorities for both 2014 and 2015. This resulted in lower than budgeted costs for all staff related budget lines and a transfer of funds to other budget lines in order to fund additional IT projects for which budget had originally not been available.

The GSA managed an even larger amount of delegated budget in 2014 in comparison with previous years following the signature of three new Delegation Agreements in the course of 2014 for EGNOS Exploitation, Galileo Exploitation and Horizon 2020. A total of 694,347,019 EUR in delegated budget was being managed in terms of ongoing contracts and grant agreements by the end of 2014.

PART I CHAPTER 1 BUDGET EVOLUTION DURING 2014

The initial budget voted by the European Parliament and the European Council during the budget adoption procedure was set at 25,369,057 EUR. The budget was allocated between Titles as follows:

12,747,798 EUR to Title 1

5,880,000 EUR to Title 2

6,741,260 to Title 3

Budget line	Heading	Initial voted budget		Transfers / amendments		Final budget 31/12/2014	
		CA	PA	CA	PA	CA	PA
Title 1 - Staff expenditure							
1100	Staff expenditure	10,325,798	10,325,798	-1,453,343	-1,453,343	8,872,454.28	8,872,454
1200	Recruitment costs	150,000	150,000	-39,600	-39,600	110,400.00	110,400
1300	Missions and travel	1,440,000	1,440,000	-296,660	-296,660	1,143,340.00	1,143,340
1400	Training expenditure	180,000	180,000	142,499	142,499	322,499.43	322,499
1700	Representation expenditure	2,000	2,000	-1,741	-1,741	259.49	259
1800	Tuition fees	650,000	650,000	124,387	124,387	774,387.00	774,387
	Total for title 1	12,747,798	12,747,798	-1,524,457	-1,524,457	11,223,340	11,223,340
Title 2 - Administrative expenditure							
2000	Rental of buildings	3,000,000	3,000,000	-812,373	-812,373	2,187,626.93	2,187,627
2100	Data processing	1,630,000	1,630,000	1,146,134	1,146,134	2,776,134.00	2,776,134
2200	Movable property	200,000	200,000	45,417	45,417	245,416.98	245,417
2300	Current administrative costs	600,000	600,000	256,494	256,494	856,493.55	856,494
2400	Postage and telecommunication	385,000	385,000	-142,878	-142,878	242,121.91	242,122
2500	Meetings	65,000	65,000	-8,500	-8,500	56,500.00	56,500
	Total for title 2	5,880,000	5,880,000	484,293	484,293	6,364,293	6,364,293
	Total for titles 1 and 2	18,627,798	18,627,798	-1,040,164	-1,040,164	17,587,634	17,587,634
Title 3 - Operational expenditure							
3100	Studies and operations	5,341,260	5,341,260	1,390,164	1,390,164	6,731,423.63	6,731,424
3300	SAB operational expenditure	1,400,000	1,400,000	-350,000	-350,000	1,050,000.00	1,050,000
	Total for title 3	6,741,260	6,741,260	1,040,164	1,040,164	7,781,424	7,781,424
	TOTAL titles 1, 2 and 3	25,369,058	25,369,058	0	0	25,369,057	25,369,057

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

8 internal transfers were processed in 2014, all of them authorised by the Executive Director with the exception of one which was authorised by Written Procedure by the GSA Admin Board as this included a transfer in excess of 10% from Title 1. The total amount transferred from Title 1 during the course of 2014 was 11.96%. Following the reduction in establishment plan posts for 2015, a temporary freeze was placed on

recruitment, resulting in lower than originally budgeted costs for both salaries and other related staff budget lines such as missions and recruitment costs. The release of these appropriations enabled the Agency to fund additional IT projects (under BL2100) which originally had to be allocated lower priority. The initial 2014 GSA budget was published in the Official Journal of the EU on 28/03/2014, with an amended budget sent for publication in early 2015.

WFID	No.	From	To	Amount	Date of validation by AO	Comments
201529	1	2000	2300	130,000	12/05/2014	Budget needed for urgent consultancy work following reduction in establishment plan posts.
204068	2	T1	T2 & T3	918,457	07/08/2014	Reduced staff related needs transferred to cover pending GSMC needs.
		2000	2100	329,810		Freeing up of budget on 2000 due to Czech MoF covering certain building costs enables us to cover pending IT needs.
		2400	2100	11,869		
205557	3	T1	T2 & T3	356,001	03/10/2014	Reduced staff related needs transferred to cover reserve operational projects.
		2200	2500	86,501		AV tender delayed but additional security precautions due to ICG taking place on GSA premises.
		2400	2300	61,823		
206652	4	2500	2200	50,000	19/11/2014	Needs for ICG became obsolete; additional needs for furniture for 2015
		3300	3100	40,000		Reduced needs on FKC missions due to cancelled launch; reserve MKD project funded.
207163	5	1100	2100	250,000	05/12/2014	Reduced salaries needs; reserve data processing projects funded.
		1300	1400	75,000		Reduced missions as no second launch; reserve training requests met.
		2000	3100	86,240		Lower needs on building for preparation of new floors; additional needs on GSMC contract.
		2400	2100	50,000		Possibility to fund additional IT projects initially of lower priority.
		2500	2100	50,000		Lower needs for ICG conference; possibility to fund additional IT projects
		3300	3100	40,000		Delay in programme milestones; possibility to fund additional COMM/MKD project.
207503	6	1100	1200, 1300, 1400, 1800	255,000	17/12/2014	Reduced needs on salaries due to correction coefficient being applied already in Dec. Various recruitment costs, missions and training needs

						brought forward from 2015 to 2014.
		2000, 2200, 2300, 2500	2100	300,000.02		Min. of Fin. utilities invoice for Jan-Nov lower than anticipated. Lower than expected costs on movable property, current admin and meetings; possibility to bring forward IT projects from 2015 to 2014.
207629	7	1100, 1200, 1700, 1800	1400	33,499.43	19/12/2014	Optimal use made of remaining small amounts on budget lines in order to fund reserve training requests.
		2000, 2100, 2400	2300	7858.18		Optimal use made of remaining small amounts on budget lines in order to fund reserve current admin projects.
		3100	2300	61076.37		Lower than anticipated offer expected on final operational contract; reserve current admin projects covered.
207719	8	1300	1800	40,000	23/12/2014	Transfer of unused mission budget to tuition fees to cover expected costs in 2014-2015 school cycle.

Table2: GSA registers of transfers 2014

In quantitative terms, the GSA carried out the following number of transactions during 2014: 569 commitments and modification of commitments; 3,025 payment requests; 1,239 mission reimbursements; 35 recovery orders and 8 internal transfers. All in all, 3,430 financial transactions were processed by the GSA (a 24% increase on the number of financial transactions processed in 2013).

Despite the significant increase in the number of actual payments made in 2014 in comparison with 2013, the GSA managed to improve its payment time statistics with 95% of all payments within the prescribed time limit of 30 days (in comparison with 92% in 2013) and with an average payment time of 13 days (in comparison with 17 days in 2013).

CHAPTER 2 BUDGET EXECUTION IN 2014

Execution of commitment appropriations (Table 3) remained high in all titles and budget lines, reaching a global 99.84% execution.

Budget line	Heading		Commitment Appropriations (CAs)			
			EXECUTED	%	UNSPENT	%
Title 1 - Staff expenditure						
1100	Staff expenditure	8,872,454.28	8,872,454.28	100%	0.00	0%
1200	Recruitment costs	110,400.00	110,400.00	100%	0.00	0%
1300	Missions and travel	1,143,340.00	1,102,968.51	96%	40,371.49	4%
1400	Training expenditure	322,499.43	322,499.43	100%	0.00	0%
1700	Representation expenditure	259.49	259.49	100%	0.00	0%
1800	Tuition fees	774,387.37	774,387.37	100%	0.00	0%
	Total for title 1	11,223,340.57	11,182,969.08	100%	40,371.49	0%
Title 2 - Administrative expenditure						
2000	Rental of buildings	2,187,626.93	2,187,626.93	100%	0.00	0%
2100	Data processing	2,776,134.00	2,776,134.00	100%	0.00	0%
2200	Movable property	245,416.98	245,416.98	100%	0.00	0%
2300	Current administrative costs	856,493.55	856,493.55	100%	0.00	0%
2400	Postage and telecommunication costs	242,121.91	242,121.91	100%	0.00	0%
2500	Meetings	56,500.00	56,500.00	100%	0.00	0%
	Total for title 2	6,364,293.37	6,364,293.37	100%	0.00	0%
	Total for titles 1 and 2	17,587,633.94	17,547,262.45	100%	40,371.49	0%
Title 3 - Operational expenditure						
3100	Expenditure on studies	6,731,423.63	6,731,423.63	100%	0.00	0%
3300	SAB operational expenditure	1,050,000.00	1,050,000.00	100%	0.00	0%
	Total for title 3	7,781,423.63	7,781,423.63	100%	0.00	0%
	TOTAL T1+T2+T3	25,369,057.57	25,328,686.08	99.84%	40,371.49	0.16%

Table 3: Execution of commitment appropriations 2014, in EUR

For 2014 payment appropriations (Table 4), execution rate was also of 99.84%. This execution rate incorporates the non-automatic carry forward of payment appropriations to the amount of 5,340,257.12 EUR adopted by the Administrative Board on 10 February 2015 in order to maximise the use of the remaining payment credits in Title 3.

PAYMENT APPROPRIATIONS BUDGETED 2014	Payment Appropriations (PAs)					
	PAID IN 2014	%	CARRIED FORWARD	%	TOTAL EXECUTED	%
8,872,454.28	8,872,454.28	100%	0.00	0%	8,872,454.28	100%
110,400.00	85,011.47	77%	25,388.53	23%	110,400.00	100%
1,143,340.00	1,029,021.79	93%	73,522.37	6%	1,102,544.16	96%
322,499.43	192,060.00	60%	130,439.43	40%	322,499.43	100%
259.49	259.49	100%	0.00	0%	259.49	100%
774,387.37	455,916.41	59%	318,470.96	41%	774,387.37	100%
11,223,340.57	10,634,723.44	95%	547,821.29	5%	11,182,544.73	100%
2,187,626.93	1,576,689.64	72%	610,937.29	28%	2,187,626.93	100%
2,776,134.00	721,643.08	26%	2,054,490.92	74%	2,776,134.00	100%
245,416.98	51,678.79	21%	193,738.19	79%	245,416.98	100%
856,493.55	422,092.02	49%	434,401.53	51%	856,493.55	100%
242,121.91	126,473.81	52%	115,648.10	48%	242,121.91	100%
56,500.00	47,616.58	84%	8,883.42	16%	56,500.00	100%
6,364,293.37	2,946,193.92	46%	3,418,099.45	54%	6,364,293.37	100%
17,587,633.94	13,580,917.36	77%	3,965,920.74	23%	17,546,838.10	100%
6,731,423.63	1,899,197.02	28%	4,832,226.61	72%	6,731,423.63	100%
1,050,000.00	541,969.49	52%	508,030.51	48%	1,050,000.00	100%
7,781,423.63	2,441,166.51	31%	5,340,257.12	69%	7,781,423.63	100%
25,369,057.57	16,022,083.87	63%	9,306,177.86	37%	25,328,261.73	100%

Table 4: Execution of C1 payment appropriations 2014, 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 Commission during 2014.

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 2015, the Agency will be working on the administrative closure of the three remaining projects where final payments are pending.

FP7 2nd call (Budget line 3913):

The Agency managed twenty-nine projects in total under FP7 2nd call. All of them have finalised their project activity and all, except one, have been financially closed by the end of 2014. The last remaining project will be financially closed in 2015. GSA paid 3 final payments in 2014.

FP7 3rd call (Budget line 3917):

The GSA has concluded 39 grant agreements for a total of 29.67 million EUR under the 3rd call. Of these, thirty-four projects finished their project activity by the end of 2014. It is expected that four more projects will finalise their project activity by the end of Q1 2015, and the remaining one in 2016.

In 2014, twenty-one interim payments and 10 final payments were processed (including thorough ex-ante verification) and paid. By the end of 2015, we expect to process six remaining interim payments and approximately 26 final payments.

PRS Delegation Agreement (Budget line 3918)

The PRS Delegation Agreement (budget line 3918) 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 new commitments were made under this Delegation Agreement in 2014. Several payments were made during the course of 2014 for a total value of 2,529,170 EUR.

Exploitation Delegation Agreement (Budget Line 3919)

The Exploitation Delegation Agreement was signed in May 2012 and makes 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 € to a total of 45,973,193 €. 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 € was contracted by 31 May 2014, the deadline for making commitments per the Delegation Agreement, representing 99.79% of the overall delegated budget. The total amount contracted in 2014 itself was 11,681,188 €, relating in the main to EGNOS Service Provision. All planned contracts were signed by 31 May 2015.

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. 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 589,561,812.67 EUR was committed in 2014 with a total of 84,639,864.08 EUR made in payments.

Horizon 2020 1st call (Budget line 3921):

In 2014, the GSA signed 19 new Grant Agreements. It is expected that additional 8 will be signed in 2015. In total, 27 grants agreements will be signed under 1st call of H2020 for a total of 40.43million EUR. We expect that the GSA will pay pre-financing payments for all 27 projects in 2015 for a total amount of 22.23 million EUR. Additionally, a 2nd call of H2020 was launched in 2014 and we expect to sign several new Grant Agreements by the end of 2015.

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. It 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 7,772,206.80 EUR was committed in 2014 under this delegation agreement. No payments were made in 2014.

Cash flow of delegated budget

New payment appropriations were received by the GSA from the European Commission during the course of 2014, as stipulated in the delegation agreements. These were:

- For the FP7 1st and 2nd calls, (budget line 3913), 350,057 EUR.
- For the FP7 grants, 3rd call (budget line 3917): 2,740,291 EUR.
- For the PRS Delegation Agreement (budget line 3918): No further payment appropriations received;
- For the Exploitation Preparation Delegation Agreement (budget line 3919) an additional 10,964,191.91 in payment appropriations was received.
- For the EGNOS Exploitation Delegation Agreement, 110 million EUR in pre-financing was received upon signature of the delegation agreement and a further 107,711,248 EUR was requested and received in payment appropriations. At the end of 2014, an additional 3,318,333 EUR in payment appropriations was transferred to the GSA from the EC in line with the transfer of the GEO 1 and GEO 2 contracts.
- For the Horizon 2020 Delegation Agreement, 21,150,000 EUR in pre-financing was received.
- For the Galileo Exploitation Delegation Agreement, 70 million EUR was received in pre-financing upon signature of the delegation agreement and a further 5,481,312.80 EUR in payment appropriations was transferred to the GSA from the EC in line with the transfer of the GSC contracts.

BL	Activity	Appropriations in budget line 01/01/2014	2014 commitments 31/12/2014	2014 total available payment appropriations	Payments made during 2014
3904	FP6 2 nd call	1,147,992.98	953,501.00	1,147,992.98	0
3900	FP6 3 rd call	495,358.66	328,148.80	328,148.80	0
3913	FP7 1&2 calls	2,446,292.05	2,273,869.03	2,000,004.88	1,076,038.62
3917	FP7 3 rd call	13,126,540.90	12,666,656.96	10,241,328.90	5,408,292.05
3918	PRS DA	11,456,248.07	10,823,915.07	5,656,248.07	2,529,170.07
3919	Exploitation DA	41,313,250.50	41,218,797.58	41,247,413.32	37,279,711.73
3920	EGNOS DA	1,450,000,000.00	589,561,812.67	221,029,581.00	84,639,864.08
3921	H2020 DA	60,000,000.00	28,748,110.63	21,150,000.00	0
3922	Galileo DA	490,000,000.00	7,772,206.80	75,481,312.80	0

Table 5: Overview of earmarked revenue during 2014 in EUR

CHAPTER 4

PAYMENT APPROPRIATIONS CARRIED OVER FROM 2013 TO 2014 AND CARRIED OVER FROM 2014 TO 2015

Payment appropriations for the amount of 520,099.49 EUR were carried over (non-automatic carry over) from 2013 to 2014 to maintain the GSA's payment capacity on existing legal obligations.

Payment appropriations for the amount of 5,340,257.12 EUR were carried over (non-automatic carry over) from 2014 to 2015 to maintain the GSA's payment capacity on existing legal obligations. 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.

CHAPTER 5 ANALYSIS ON OUTSTANDING COMMITMENTS

This chapter summarises the evolution of outstanding commitment balances during 2014 by budget line and title (Table 6). Regarding budget lines 1200, 1300, 1400, 2000, 2100, 2200, 2400 and 2500, cancellations were related to C8 credits becoming automatically C9 in the following year on HR and administrative expenditure budget lines.

Budget line	Description	Outstanding balances as of 01/01/2014	Payments on outstanding balances in 2014	New 2014 commitments	Payments on new 2014 commitments	Cancellations in 2014	Outstanding balances as of 31/12/2014
1100	Staff costs	0.00	0.00	8,872,454.28	8,872,454.28	0.00	0.00
1200	Recruitment	30,050.03	14,118.49	110,400.00	85,011.47	15,931.54	25,388.53
1300	Missions	73,522.37	43,074.59	1,102,968.51	1,029,021.79	30,447.78	73,946.72
1400	Training	54,031.06	49,274.98	322,499.43	192,060.00	4,756.08	130,439.43
1700	Representation	0.00	0.00	259.49	259.49	0.00	0.00
1800	Tuition fees	229,537.87	229,537.87	530,012.44	300,474.57	0.00	229,537.87
	Total title 1	387,141.33	336,005.93	10,938,594.15	10,479,281.60	51,135.40	459,312.55
2000	Rent	511,132.39	418,666.08	2,187,626.93	1,576,689.64	92,466.31	610,937.29
2100	Data processing	720,635.88	654,000.63	2,776,134.00	721,643.08	66,635.25	2,054,490.92
2200	Movable property	122,049.23	121,867.63	245,416.98	51,678.79	181.60	193,738.19
2300	Current admin costs	385,570.68	374,684.57	856,493.55	422,092.02	10,886.11	434,401.53
2400	Post/telecom	11,910.54	11,190.54	242,121.91	126,473.81	720.00	115,648.10
2500	Meetings	6,173.54	6,173.54	56,500.00	47,616.58	0.00	8,883.42
	Total title 2	1,757,472.26	1,586,582.99	6,364,293.37	2,946,193.92	170,889.27	3,418,099.45
3100	Operations & studies	1,158,202.59	1,024,902.59	6,731,423.63	1,357,082.49		5,507,641.14
3300	SAB costs	978,720.29	438,842.07	1,050,000.00	140,252.46		1,449,625.76
	Total title 3	2,136,922.88	1,463,744.66	7,781,423.63	1,497,334.95	0.00	6,284,088.68
	Totals	4,281,536.47	3,386,333.58	25,084,311.15	14,922,810.47	222,024.67	10,161,500.68

Table 6: Overview of outstanding balances at the end of 2014, in EUR

CHAPTER 6 STAFF AND ESTABLISHMENT PLAN FOR 2014

An overview of all staff employed by the GSA during 2014 is provided in Table 7. Moreover, the detailed implementation of the GSA's Establishment Plan is also provided in Table 8.

Human Resources	2014	
	Authorised under the EU Budget	Actually filled as of 31/12/2013
Establishment plan posts: AD	91	91
Establishment plan posts: AST	5	75
Total Establishment plan posts	96	96
Contract Agents	33	33
Seconded National Experts	2	2
Total staff	141	141

Table 7: Evolution of GSA Staff in 2014

	2014			
	Authorised under the EU Budget		Filled as of 31/12/2014 (*)	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14		1		1
AD 13				
AD 12		3		2
AD 11		3		2
AD 10		5		6
AD 9		10		10
AD 8		23		19
AD 7		37		36
AD 6		7		12
AD 5		2		2
AD total		91		91
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5		2		1
AST 4		1		1
AST 3		1		2
AST 2		1		
AST 1				1
AST total		5		5
GRAND TOTAL		96		96

Table 8: Establishment plan in 2014

PART II

CHAPTER 7

FINANCIAL AND ACCOUNTING SYSTEMS

Since September 2012, and given the multi-location environment under which the Agency is operating (offices and staff spread out in three EU countries), Paperless, an electronic workflow validation system developed for the GSA has been introduced to carry out all financial transactions in the Agency. No paper is used since September to sign, verify and file financial transactions. Paperless is used together with the standard EU financial tools, like ABAC (budgetary management) ABAC SAP (accounting), ABAC Assets (management of fixed assets) and ABAC DWH (financial reporting tool). Paperless was updated with version 2 in April 2014 with new features being 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.

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

CHAPTER 8

FINANCIAL MANAGEMENT

The GSA continued in 2014 to review and improve on its existing financial procedures. The result of this review in 2014 produced the following notable improvements:

- Treatment of grants – FP7: The methodology for ex-ante verification of payments has been updated to fully cover the whole process and to focus efforts on higher-risk transactions. H2020: The set-up of H2020 processes has successfully started including the implementation of the EC's H2020 IT tools. The staff and beneficiaries were trained to use the IT tools which should lead to more efficient and effective management of H2020 grants.
- Budget Management Tool – Work started at the end of 2014 on the preparation of a new Budget Management Tool. Once fully implemented, this will be a tool spanning across several departments, improving the financial and contract management of the Agency and also serving both internal and external reporting purposes.