

REPORT

ON

BUDGETARY AND FINANCIAL MANAGEMENT

2013

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 2013.

LEGAL BASIS

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

THE REPORT

This document is structured in three parts, an Executive Summary, and two parts on budget and 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 2013 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 2012 to 2013 and the payment appropriations carried over from 2013 to 2014.
- **Chapter five** presents an analysis of the outstanding commitments at the end of 2013.
- **Chapter six** provides information related to our staff and establishment plan during 2013.

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 2013

EXECUTIVE SUMMARY

The GSA began the year 2013 with an initial budget of 12,723,518 EUR and ended with 13,973,518 (an increase of 1.25 MEUR) as a result of the Agency's request for an additional 20 establishment plan posts and the corresponding necessary budget in order to allow the Agency to take over responsibility for EGNOS exploitation on 1 January 2014 and of Galileo Early Services from late 2014. Due to considerable delays in the approval of the EU's 4th Amending Budget by the budgetary authority, the Agency's request was not finally realised until mid-September, putting significant pressure on its budget implementation and management particularly in the first half of the year.

Budget execution for the year was 100% 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 2012, both in terms of commitments (by 120%) and payments (by 44%) with average payment times of 17 days, well below the 30 days EU benchmark.

Major investment into the Galileo Security Monitoring Centres was essential in 2013. 250,000 EUR were allocated under the Exploitation delegated budget to cover turnkey costs for both UK and France sites. An additional 870,000 EUR was paid for operational support contracts under the Exploitation delegated budget and a further 600,000 EUR from the PRS Delegation Agreement. As far as the GSA's core budget was concerned, a total amount in the region of 650,000 EUR was directly invested into both sites, this covering all kinds of administrative expenditure (hosting services, facility management, equipment and furniture). In total, approximately 2,370,000 EUR were directly invested in the set up and operations of the GSMC. This amount excludes all HR costs (salaries, missions, training, etc.) and general indirect costs.

The GSA continued to manage a large amount of delegated budget in 2013 with the majority of the budget from both the Exploitation and PRS delegation agreements being committed during the course of 2013 – almost 42 MEUR in total.

PART I CHAPTER 1 BUDGET EVOLUTION DURING 2013

The initial budget decided by the European Parliament and the European Council during the budget adoption procedure was set at 12,723,518 EUR. The EU's 4th Amending Budget for 2013 was adopted in plenary session by the European Parliament on 11 September 2013 and included a GSA request for 20 additional AD posts and the corresponding budget in order to allow the Agency to become responsible for EGNOS exploitation on 1 January 2014 and of Galileo Early Services from late 2014. Following the adoption by the legislative authority, the Administrative Board of the GSA adopted its 1st amending budget for 2013 by written procedure on 17th September 2013. This amendment increased the GSA initial budget by 1,250,000 EUR, providing a total GSA budget of 13,973,518 EUR for commitments and payments. The 1.25 M€ of amending budget was allocated as follows: 693,482 EUR to Title 1 and 556,518 EUR to Title 2.



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

Budget line	Heading	Initial voted budget		Transfers / amendments		Final budget 31/12/2013	
		CA	PA	CA	PA	CA	PA
Title 1 - Staff expenditure							
1100	Staff expenditure	6,009,795	6,009,795	935,697	935,697	6,945,492	6,945,492
1200	Recruitment costs	70,000	70,000	80,500	80,500	150,500	150,500
1300	Missions and travel	820,000	820,000	-74,208	-74,208	745,792	745,792
1400	Training expenditure	100,000	100,000	23,000	23,000	123,000	123,000
1700	Representation expenditure	3,000	3,000	-2,181	-2,181	819	819
1800	Tuition fees	355,000	355,000	175,012	175,012	530,012	530,012
1900	Allowances and relocation costs	175,000	175,000	-87,000	-87,000	88,000	88,000
	Total for title 1	7,532,795	7,532,795	1,050,821	1,050,821	8,583,616	8,583,616
Title 2 - Administrative expenditure							
2000	Rental of buildings	940,000	940,000	239,080	239,080	1,179,080	1,179,080
2100	Data processing	525,000	525,000	643,250	643,250	1,168,250	1,168,250
2200	Movable property	150,000	150,000	88,390	88,390	238,390	238,390
2300	Current administrative costs	410,000	410,000	330,431	330,431	740,431	740,431
2400	Postage and telecommunication	50,000	50,000	-28,000	-28,000	22,000	22,000
2500	Meetings	55,000	55,000	-8,250	-8,250	46,750	46,750
	Total for title 2	2,130,000	2,130,000	1,264,902	1,264,902	3,394,902	3,394,902
	Total for titles 1 and 2	9,662,795	9,662,795	2,315,723	2,315,723	11,978,518	11,978,518
Title 3 - Operational expenditure							
3100	Studies and operations	1,710,723	1,710,723	-330,723	-465,723	1,380,000	1,245,000
3300	SAB operational expenditure	1,350,000	1,350,000	-735,000	-600,000	615,000	750,000
	Total for title 3	3,060,723	3,060,723	-1,065,723	-1,065,723	1,995,000	1,995,000
	TOTAL titles 1, 2 and 3	12,723,518	12,723,518	1,250,000	1,250,000	13,973,518	13,973,518

8 internal transfers were processed in 2013, 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 both a transfer of funds from Title 3 to Title 1 but also the inscription of the additional funds provided for under the amending budget in September 2013. The GSA budgets with subsequent amendments were published in the Official Journal of the EU on 27/03/2012, 31/12/2012 and early 2014.

Table2: GSA registers of transfers 2013

WFID	No.	From	To	Amount	Date of validation by AO	Comments
105880	01/2013	T3	T2	300,000	14/06/2013	Reinforcement of title 2 for GSMC expenses
108126	02/2013	T3	T1	1,145,723	27/09/2013	Implementation of Admin



						Board Decision - Written procedure
109041	3/2013	3100	3300	35,000	12/11/2013	Transfer of PAs only to cover expected payment requests on BL3300 until year end.
109514	4/2013	T1	T2 and T3	520,000	22/11/2013	Reinforcement of T2 to cover essential IT costs and additional activities proposed under T3
110144	5/2013	T1	T2	178,384	13/12/2013	Reinforcement of T2 to cover essential data processing and miscellaneous administrative costs until year end.
110485	6/2013	T1	T2 and T3	100,000	17/12/2013	Reinforcement of T2 to cover external legal assistance and preparations for move of staff to Prague following closure of Brussels office.
110705	7/2013	T2	T1	10,000	20/12/2013	End of year transfers to cover expected contractual needs, including accruals on provisional administrative commitments.
110735	8/2013	1100	1800	13,496	27/12/2013	Final year-end transfers to cover expected contractual needs, including accruals on provisional administrative commitments.

In quantitative terms, the GSA carried out the following number of transactions during 2013: 718 commitments and modification of commitments (a 120% increase on 2012 figures), 2,222 payment requests (a 44% increase on 2012 figures), 872 mission reimbursements (66% increase compared to 2012), 54 recovery orders and 8 internal transfers. All in all, 2,758 financial transactions were processed by the GSA.

Despite the significant increase in the number of actual payments made in 2013 in comparison with 2012, the GSA continued to pay 92% of all payments within the prescribed time limit (30 days) and with an average payment time of 17 days.

CHAPTER 2 BUDGET EXECUTION IN 2013

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



Table 3: Execution of commitment appropriations 2013, in EUR

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2013	Commitment Appropriations (CAs)			
			EXECUTED	%	UNSPENT	%
Title 1 - Staff expenditure						
1100	Staff expenditure	6,945,492.42	6,945,492.42	100%	0.00	0%
1200	Recruitment costs	150,500.00	150,500.00	100%	0.00	0%
1300	Missions and travel	745,792.49	745,792.49	100%	0.00	0%
1400	Training expenditure	123,000.00	123,000.00	100%	0.00	0%
1700	Representation expenditure	818.65	818.65	100%	0.00	0%
1800	Tuition fees	530,012.44	530,012.44	100%	0.00	0%
1900	Staff relocation	88,000.00	88,000.00	100%	0.00	0%
	Total for title 1	8,583,616.00	8,583,616.00	100%	0.00	0%
Title 2 - Administrative expenditure						
2000	Rental of buildings	1,179,079.92	1,179,079.92	100%	0.00	0%
2100	Data processing	1,168,250.35	1,168,250.35	100%	0.00	0%
2200	Movable property	238,390.30	238,388.36	100%	1.94	0%
2300	Current administrative costs	740,431.43	740,431.43	100%	0.00	0%
2400	Postage and telecommunication costs	22,000.00	22,000.00	100%	0.00	0%
2500	Meetings	46,750.00	46,750.00	100%	0.00	0%
	Total for title 2	3,394,902.00	3,394,900.06	100%	1.94	0%
	Total for titles 1 and 2	11,978,518.00	11,978,516.06	100%	1.94	0%
Title 3 - Operational expenditure						
3100	Expenditure on studies	1,380,000.00	1,379,991.40	100%	8.60	0%
3300	SAB operational expenditure	615,000.00	615,000.00	100%	0.00	0%
	Total for title 3	1,995,000.00	1,994,991.40	100%	8.60	0%
	TOTAL T1+T2+T3	13,973,518.00	13,973,507.46	100.0%	10.54	0.0%

For 2013 payment appropriations (Table 4), execution rate was also of 100%. This execution rate incorporates the non-automatic carry forward of payment appropriations (520,099.49 EUR) adopted by the Administrative Board on 3 February 2014 in order to maximise the use of the remaining payment credits in Title 3.



Table 4: Execution of C1 payment appropriations 2013, in EUR

Budget line	Heading	PAYMENT APPROPRIATIONS BUDGETED 2013	Payment Appropriations (PAs)					
			PAID IN 2013	%	CARRIED FORWARD	%	TOTAL EXECUTED	%
Title 1 - Staff expenditure								
1100	Staff expenditure	6,945,492.42	6,945,492.42	100%	0.00	0%	6,945,492.42	100%
1200	Recruitment costs	150,500.00	120,449.97	80%	30,050.03	20%	150,500.00	100%
1300	Missions and travel	745,792.49	636,442.00	85%	109,350.49	15%	745,792.49	100%
1400	Training expenditure	123,000.00	68,968.94	56%	54,031.06	44%	123,000.00	100%
1700	Representation expenditure	818.65	818.65	100%	0.00	0%	818.65	100%
1800	Tuition fees	530,012.44	300,474.57	57%	229,537.87	43%	530,012.44	100%
1900	Staff relocation	88,000.00	68,248.79	78%	19,751.21	22%	88,000.00	100%
	Total for title 1	8,583,616.00	8,140,895.34	95%	442,720.66	5%	8,583,616.00	100%
Title 2 - Administrative expenditure								
2000	Rental of buildings	1,179,079.92	667,947.53	57%	511,132.39	43%	1,179,079.92	100%
2100	Data processing	1,168,250.35	447,614.47	38%	720,635.88	62%	1,168,250.35	100%
2200	Movable property	238,390.30	116,339.13	49%	122,051.17	51%	238,390.30	100%
2300	Current administrative costs	740,431.43	354,860.75	48%	385,570.68	52%	740,431.43	100%
2400	Postage and telecommunication costs	22,000.00	10,089.46	46%	11,910.54	54%	22,000.00	100%
2500	Meetings	46,750.00	40,576.46	87%	6,173.54	13%	46,750.00	100%
	Total for title 2	3,394,902.00	1,637,427.80	48%	1,757,474.20	52%	3,394,902.00	100%
	Total for titles 1 and 2	11,978,518.00	9,778,323.14	82%	2,200,194.86	18%	11,978,518.00	100%
Title 3 - Operational expenditure								
3100	Expenditure on studies	1,245,000.00	762,101.35	61%	482,898.65	39%	1,245,000.00	100%
3300	SAB operational expenditure	750,000.00	712,799.16	95%	37,200.84	5%	750,000.00	100%
	Total for title 3	1,995,000.00	1,474,900.51	74%	520,099.49	26%	1,995,000.00	100%
	TOTAL T1+T2+T3	13,973,518.00	11,253,223.65	81%	2,720,294.35	19%	13,973,518.00	100%

CHAPTER 3 APPROPRIATIONS ARISING FROM EARMARKED REVENUE – DELEGATION AGREEMENTS WITH THE EUROPEAN COMMISSION

The GSA continued to manage delegated appropriations by the Commission during 2013.

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 2014, the Agency will be working on the administrative closure of the four remaining projects where final payments are pending.

FP7 1st call (Budget line 3913):

All project activity had been finalised by the end of 2012 however one project was administratively reopened in 2013 to process an additional payment based on the coordinator's request.



FP7 2nd call (Budget line 3913):

The Agency managed twenty-nine projects in total under FP7 2nd call. Twenty-eight of them finished their project activity by the end of 2013 with the remaining one to be finalised in 2015. Out of the twenty-eight projects, five final payments are pending due to on-going ex-ante verification.

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, ten projects finished their project activity by the end of 2013 (i.e. both reporting periods were finalised). It is expected that twenty-six projects will finalise their project activity by the end of 2014, two in 2015 and one in 2016.

In 2013, thirteen interim payments were processed (including thorough ex-ante verification) and paid. In 2014, we expect to process 26 interim payments and approximately 34 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).

Concerning the development of PRS receivers, the Agency had launched a call for tender on 3 January 2012 to develop and deliver 20 PRS pre-operational receivers within 30 months from the kick off meeting. The budget allocated to this tender was 11M€ and a contract for 10,368,000 EUR was signed in December 2013.

On the setting up of the Galileo Security Monitoring Centre, the Agency also awarded a framework contract to cover the necessary support for the GSMC operations engineering (definition and development of operating procedures) and the technical reviews of equipment design and development. The framework contract was awarded and signed in April 2013 and two specific contracts were signed under this FWC during 2013 using the PRS budget for a total value of 599,667 EUR.

Two payments were made in 2013 under the first of these two GSMC specific contracts for a total value of 143,751.93 €. No other payments were made on BL 3918 in 2013.

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).

A total of 33,383,951.47 € was contracted by the end of 2013 under the Delegation Agreement, representing 96.98% of the original overall delegated budget of 34,424,000 € for 2012 and 2013. The amount contracted in 2013 itself was 30,927,585.65 €, including the first contract for EGNOS Service Provision for 25,300,000 EUR. All planned contracts were signed by the end of 2013.

Two amendments to the Delegation Agreement were 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.

Cash flow of delegated budget

New payment appropriations were received by the GSA from the European Commission during the course of 2013, as stipulated in the delegation agreements. These were:

- For the FP7 1st and 2nd calls, (budget line 3913), 1,667,378 EUR.
- For the FP7 grants, 3rd call (budget line 3917): 7,957,476 EUR.
- For the PRS Delegation Agreement (budget line 3918): No further payment appropriations received;
- For the Exploitation delegation agreement signed in May 2012, the Agency had received 5,163,600 € in pre-financing in 2012. An additional 4,454,984.76 € was received following a formal cash request to the EC in June 2013 and a further 25,330,579.10 € was received following a second cash request to the EC in November 2013. This large request was primarily due to an expected invoice for the EGNOS service provision contract at the very beginning of 2014 for 15.88 MEUR. A large volume of additional payments was also anticipated in the first quarter of 2014, hence the exceptionally high number of payments appropriations at year-end.

Table 5: Overview of earmarked revenue during 2013 in EUR

BL	Activity	Appropriations in budget line 01/01/2013	2013 open commitments	2013 total available payment appropriations	Payments made during 2013
3904	FP6 2 nd call	1,162,982.98	957,663.00	1 162 982.98	14,990.00
3900	FP6 3 rd call	594,703.00	594,703.00	594,703.00	99,344.34
3913	FP7 1&2 calls	6,192,564.09	6,160,071.09	5,396,219.92	3,760,471.57
3917	FP7 3 rd call	15,249,073.19	14,823,253.62	9,623,570.19	2,122,532.29
3918	PRS DA	11,600,000.00	10,967,667	5,800,000.00	143,751.93
3919	DA Exploitation	31,677,125.35	30,927,585.65	33,957,681.71	3,674,460.30

CHAPTER 4

PAYMENT APPROPRIATIONS CARRIED OVER FROM 2012 TO 2013 AND CARRIED OVER FROM 2013 TO 2014

Payment appropriations for the amount of 377,734.41 EUR were carried over (non-automatic carry over) from 2012 to 2013 to maintain the GSA's payment capacity on existing legal obligations.

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. 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 2013 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.

Table 6: Overview of outstanding balances at the end of 2013, in EUR

Budget line	Description	Outstanding balances as of 01/01/2013	Payments on outstanding balances in 2013	New 2013 commitments	Payments on new 2013 commitments	Cancellations in 2013	Outstanding balances as of 31/12/2013
1100	Staff costs	0.00	0.00	6,945,492.42	6,945,492.42	0.00	0.00
1200	Recruitment	2,414.54	1,978.70	150,500.00	120,449.97	435.84	30,050.03
1300	Missions	51,819.40	51,550.48	745,792.49	636,442.00	268.92	109,350.49
1400	Training	15,888.06	11,906.01	123,000.00	68,968.94	3,982.05	54,031.06
1700	Representation	0.00	0.00	818.65	818.65	0.00	0.00
1800	Tuition fees	80,038.74	80,038.74	530,012.44	300,474.57	0.00	229,537.87
1900	Staff removals	0.00	0.00	88,000.00	68,248.79	0.00	19,751.21
	Total title 1	150,160.74	145,473.93	8,583,616.00	8,140,895.34	4,686.81	442,720.66
2000	Rent	193,922.81	182,517.38	1,179,079.92	667,947.53	11,405.43	511,132.39
2100	Data processing	1,047,057.73	1,005,948.61	1,168,250.35	447,614.47	41,109.12	720,635.88
2200	Movable property	86,946.14	86,428.08	238,388.36	116,339.13	518.06	122,049.23
2300	Current admin costs	348,304.12	348,304.12	740,431.43	354,860.75	0.00	385,570.68
2400	Post/telecom	44,302.15	32,331.74	22,000.00	10,089.46	11,970.41	11,910.54
2500	Meetings	3,506.89	1,244.69	46,750.00	40,576.46	2,262.20	6,173.54
	Total title 2	1,724,039.84	1,656,774.62	3,394,900.06	1,637,427.80	67,265.22	1,757,472.26
3100	Operations & studies	922,763.41	779,466.30	1,379,991.40	354,483.49		1,168,805.02
3300	SAB costs	1,142,608.56	591,494.31	615,000.00	121,304.85		1,044,809.40
	Total title 3	2,065,371.97	1,370,960.61	1,994,991.40	475,788.34	0.00	1,519,203.06
	Totals	3,939,572.55	3,173,209.16	13,973,507.46	10,254,111.48	71,952.03	3,719,395.98

CHAPTER 6 STAFF AND ESTABLISHMENT PLAN FOR 2013



An overview of all staff employed by the GSA during 2013 is provided in Table 7. Moreover, the detailed implementation of the GSA's establishment plan is also provided in Table 8.

Table 7: Evolution of GSA Staff in 2013

Human Resources	2013	
	Authorised under the EU Budget	Actually filled as of 31/12/2013
Establishment plan posts: AD	72	70
Establishment plan posts: AST	5	7
Total Establishment plan posts	77	77
Contract Agents	13	33
Seconded National Experts	4	2
Total staff	94	112

Table 8: Establishment plan in 2013

Function group and grade	2013			
	Authorised under the EU Budget		Filled as of 31/12/2013 (*)	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14		1		1
AD 13				
AD 12		1		2
AD 11		3		2
AD 10		5		5
AD 9		9		7
AD 8		11		14
AD 7		30		29
AD 6		9		7
AD 5		3		3
AD total		72		70
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5		2		2
AST 4		1		
AST 3		1		4
AST 2		1		
AST 1				1
AST total		5		7
GRAND TOTAL		77		77

PART II

CHAPTER 7

FINANCIAL AND ACCOUNTING SYSTEMS

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

The GSA uses 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 Business Objects reporting tool, reports on financial management and budget execution are produced.

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

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

CHAPTER 8

FINANCIAL MANAGEMENT

The GSA continued in 2013 to review and improve on its existing financial procedures. The result of this review in 2013 produced the following improvements:

1. Missions – In view of the need for a significantly increased number of missions in order for the GSA to achieve its objectives, continued efforts were made in 2013 to keep overall mission costs at an acceptable level and to introduce efficiencies and cost savings where possible. A key indicator is the fact that the GSA's average mission cost in 2013 was 14% lower than in 2012 despite the new location of the Agency in Prague, Czech Republic which has fewer connections than Brussels.

2. Treatment of grants – A full revision of the GSA's ex-ante policy was undertaken to incorporate recommendations made by the European Court of Auditors, significantly improving existing procedures by creating new workflows. In addition to this an extensive ex-post control exercise was launched (with coverage of over 65%) in order to have an assurance on legality and regularity of grant transactions from external auditors.

In 2013 the new grants team focused on improved communication with our beneficiaries and expert reviewers with some regular audit visits also including general training on FP7 rules. Additionally, communication tools used to interact with beneficiaries and experts were improved leading to speedier processing of grant and grant-related payments.

3. Exception requests

Continued effort was made to avoid exception requests. There were only 4 in total in the course of 2013, an improvement on certain previous years, and only one of which had actual financial impact of only 1,050 EUR