



**REPORT**

**ON**

**BUDGETARY AND FINANCIAL MANAGEMENT**

**2017**

**EUROPEAN GNSS AGENCY**



## Introduction

The purpose of this report is to present a summary of the budgetary and financial management by the European GNSS Agency (GSA) in 2017.

### 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 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 2017 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 2017.
- **Chapter four** provides information about revenue in 2017.
- **Chapter five** provides information related to the staff and establishment plan during 2017.

## 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 2017.

## Annexes

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

## EXECUTIVE SUMMARY

The GSA began the year 2017 with an initial budget of 28,582,161 EUR. There was one amendment to the budget within the course of the year, which was to reduce overall appropriations by 114,513 EUR bringing it to the final amount of 28,467,648 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 14.5 days, well below the 30 days EC benchmark and 20 days target. A total of 6,527 financial transactions were processed, representing a 24% increase in comparison to 2016.

The GSA continued to manage a large amount of delegated budget in 2017. A total of 416 million EUR was committed under delegated budget in 2017 and 638 million EUR made in payments.

## **PART I**

### **CHAPTER 1**

#### **OVERVIEW OF THE 2017 BUDGET**

##### **1.1 Initial budget, amending budgets and final budget**

The GSA draft budget 2017 was approved by the Administrative board on 10 March 2016 for a total amount of 28,582,161 EUR, for both commitment and payment appropriations. The revised draft budget 2017 adopted by the Administrative Board on 23 June 2016 became the initial 2017 budget when the Council and European Parliament reached an agreement on the EU budget 2017. The total amount of the budget remained at the same amount of 28,582,161 EUR, for both commitment and payment appropriations. However it was necessary to reallocate budget to the salaries expenditure line because estimated salaries expenditure on Title 1 exceeded the figure in the draft budget 2017. Title 1 was reinforced by 1,100,000 EUR, Title 2 was decreased by 150,000 EUR and Title 3 was decreased by 950,000 EUR.

The GSA Administration Board approved 2017 budget amendment number 1 on 27 January 2017. The amendment included the revised European Free Trade Association (EFTA) contribution of 620,648 EUR, reducing the 2017 initial budget by 114,513 EUR and bringing it to the final amount of 28,467,648 EUR.



The initial budget and an amending budget number 1 were published in the Official Journal of the EU on 17 March 2017.

Eight budget transfers were processed in 2017, seven of which were authorised by the Executive Director as they concerned transfers of amounts either within Titles or below 10% between Titles and one authorised by Administrative Board<sup>1</sup> on 14 November 2017. 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.

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<sup>1</sup> Decision no: GSA-AB-50-17-10-03

Table 1: 2017 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)
<b>Title 1 - Staff expenditure</b>								
1100	Staff expenditure	13,185,161.00	13,185,161.00	730,708.44	730,708.44	Salaries budget line was reinforced to cover increase in the 2017 correction coefficient.	13,915,869.44	13,915,869.44
1200	Recruitment costs	50,000.00	50,000.00	32,260.00	32,260.00	Reinforcement due to unforeseen replacements.	82,260.00	82,260.00
1210	Medical services	30,000.00	30,000.00	5,600.00	5,600.00	Increase related to higher costs of annual medical visits.	35,600.00	35,600.00
1300	Missions and travel	1,100,000.00	1,100,000.00	195,740.00	195,740.00	Operational needs for missions were higher than foreseen.	1,295,740.00	1,295,740.00
1400	Training expenditure	100,000.00	100,000.00	10,000.00	10,000.00	Increase relates to additional need for security trainings.	110,000.00	110,000.00
1500	Social measures	500,000.00	500,000.00	- 233,500.00	-233,500.00	Value of the contracts signed was lower than originally estimated.	266,500.00	266,500.00
1600	Interims & trainees	300,000.00	300,000.00	- 5,000.00	-5,000.00	Lower consumption due to unpaid leave and lower travel costs for trainees at the end of their traineeship.	295,000.00	295,000.00
1700	Represent. expenditure	2,000.00	2,000.00	- 855.24	-855.24	Consumption lower than foreseen.	1,144.76	1,144.76
1800	Tuition fees	1,000,000.00	1,000,000.00	353,375.69	353,375.69	Tuition fees were higher than originally anticipated, as it is difficult to accurately estimate the number of children and school they will attend.	1,353,375.69	1,353,375.69
	<b>Total for title 1</b>	<b>16,267,161.00</b>	<b>16,267,161.00</b>	<b>1,088,328.89</b>	<b>1,088,328.89</b>		<b>17,355,489.89</b>	<b>17,355,489.89</b>
<b>Title 2 - Administrative expenditure</b>								
2000	Rental of buildings	2,835,000.00	2,835,000.00	-381,500.20	-381,500.20	Decrease relates to the efficiencies found in various fields and lower than estimated reserves for exchange rate	2,453,499.80	2,453,499.80

						differences for rent and services contracts in other currencies (GBP, CZK).		
2100	Data processing	1,500,000.00	1,500,000.00	-337,876.00	-337,876.00	Decrease relates to (a) Amending budget no 1: deduction of 114,513 EUR from Data processing line, as in 2016 some IT purchases were brought forward from 2017. (b) Contract for IT support was postponed.	1,162,124.00	1,162,124.00
2200	Movable property	30,000.00	30,000.00	- 29,001.08	-29,001.08	Purchase of furniture for new staff postponed to 2018.	998.92	998.92
2300	Current admin. costs	760,000.00	760,000.00	129,460.53	129,460.53	Increase related to further contract for legal support.	889,460.53	889,460.53
2400	Postage and telecommunication	385,000.00	385,000.00	-130,639.00	-130,639.00	Achieved economies enabled lower consumption than forecast.	254,361.00	254,361.00
2500	Meetings	55,000.00	55,000.00	-3,000.00	- 3,000.00	Consumption was lower than estimated.	52,000.00	52,000.00
2600	SAB administrative expenditure	350,000.00	350,000.00	45,000.00	45,000.00	Increase relates to additional costs linked to 2017 satellite launch (longer launch campaign for 4 satellites using Ariane).	395,000.00	395,000.00
	<b>Total for title 2</b>	<b>5,915,000.00</b>	<b>5,915,000.00</b>	<b>-707,555.75</b>	<b>-707,555.75</b>		<b>5,207,444.25</b>	<b>5,207,444.25</b>
	<b>Total for titles 1 and 2</b>	<b>22,182,161.00</b>	<b>22,182,161.00</b>	<b>380,773.14</b>	<b>380,773.14</b>		<b>22,562,934.14</b>	<b>22,562,934.14</b>
<b>Title 3 - Operational expenditure</b>								
3100	Studies and operations	5,350,000.00	5,350,000.00	-141,223.89	5,674.61	Cost of certain market development activities reduced, available funds were used to reinforce mission budget.	5,208,776.11	5,355,674.61
3300	SAB operational expenditure	1,050,000.00	1,050,000.00	-354,062.25	-500,960.75	Decrease is due to the postponing of planned Security Accreditation contract. Payment appropriations were transferred to BL 3100 to cover expected payments on legal obligations from both previous years and in 2017.	695,937.75	549,039.25
	<b>Total for title 3</b>	<b>6,400,000.00</b>	<b>6,400,000.00</b>	<b>-495,286.14</b>	<b>-495,286.14</b>		<b>5,904,713.86</b>	<b>5,904,713.86</b>
	<b>TOTAL titles 1, 2 and 3</b>	<b>28,582,161.00</b>	<b>28,582,161.00</b>	<b>-114,513.00</b>	<b>-114,513.00</b>	Amending budget no 1: decreased commitment and payment appropriations by 114,513 EUR.	<b>28,467,648.00</b>	<b>28,467,648.00</b>



### List of amending budgets adopted by the Board

	Date of adoption	Main subject Description	Impact on Commitment appropriations (in EUR)	Impact on Payment appropriations (in EUR)
1	27 January 2017	Adjustment of budget according to the actual 2017 EFTA contribution.	-114,513	-114,513

Table 2: List of amending budgets in 2017

### List of transfers adopted by the Director/Administrative Board:

Eight budget transfers were processed in 2017, seven of which were authorised by the Executive Director as they concerned transfers of amounts either within Titles or below 10% between Titles and one authorised by the Administrative Board<sup>2</sup> on 14 November 2017.

Table 3: List of transfers in 2017

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<sup>2</sup> Decision no: GSA-AB-50-17-10-03





	Date of transfer adoption	Main subject description	From	To	Impact on Commitment appropriations (in EUR)	Impact on Payment appropriations (in EUR)
1	7/4/2017	<p>Reallocation of available funds on the SAB operations budget (BL3300) to cover increased staff needs. Reduced missions budget (BL1300) for 2017 is not able to cope with increased operational demands. Costs on certain market development activities will therefore be reduced and the associated funds transferred from Title 3 to missions.</p> <p>1,950,000 EUR in payment appropriations only (Title 3 appropriations are differentiated) are to be transferred from BL3100 to BL3300 in order to cover expected payments on legal obligations from both previous years and in 2017.</p>	BL3100 BL3300 BL2000  BL3100	BL1300 BL1100  BL3300	400,000 315,810  	400,000 315,810  1,950,000
2	28/7/2017	<p>Reallocation of available funds to the staff salaries budget line (BL1100) in order to increase the commitment appropriations available to cover an anticipated increase in the correction coefficient at year end with retroactive effect to 1 July 2017. In addition to this, there is an increased need on the Tuition Fees budget line (BL1800) as tuition related costs are higher than originally anticipated when preparing the draft budget in year n-1.</p>	BL1500 BL1600 BL2000 BL2100 BL2300 BL2400  BL2100	BL1100      BL1800	295,677      100,000	295,677      100,000
3	19/10/2017	<p>Reallocation of available funds to the staff salaries budget line (1100) to cover an anticipated increase in the correction coefficient at year end.</p> <p>In addition to this, there is an increased need for commitment appropriations on the Tuition Fees budget line (BL1800).</p> <p>Available funds are to be transferred to the current administration budget line (BL2300) to cover the cost of the anticipated signature of a new quality services contract which should ensure continuity of the services including the availability of key experts.</p> <p>Due to the impossibility to contract one initially planned contract for Security Accreditation (BL3300), 250,000 EUR is transferred to budget line 3100 to cover increased needs on the planned GSMC SSS contract for 2017.</p> <p>2,196,898.50 EUR in payment appropriations only (Title 3</p>	BL1300  BL1500 BL2000  BL2100 BL2400  BL2200	BL1100, BL1200, BL1800  BL1100 BL2600, BL2500  BL2300  BL1100, BL2300, BL2500	100,000  171,000 34,000  190,000  29,000	100,000  171,000 34,000  190,000  29,000

		appropriations are differentiated) are to be transferred from BL3300 to BL3100 in order to cover expected payments on legal obligations from both previous years and in 2017.	BL3300	BL3100	250,000	250,000
			BL3300	BL 3100		2,196,898.50
4	26/10/2017	Available funds are transferred to the Tuitions budget line (1800) to cover expected invoices until year end. These were previously unforeseen as it is difficult to accurately estimate the number of children that newly recruited staff will have and which school they will select to send their children to.  100,000 EUR in payment appropriations only (Title 3 appropriations are differentiated) are to be transferred from BL3100 to BL3300 in order to cover expected payments on legal obligations from both previous years and in 2017.	BL2500 BL2600  BL3100	BL1800  BL3300	40,000	40,000  100,000
5	14/11/2017	Transfer approved by Administrative Board Decision ref: GSA-AB-50-17-10-03.  Reinforcement of salary budget line (BL1100) due to the increase in correction coefficient.	BL2000  BL2100  BL2300 BL2400	BL2600 BL1400  BL1100 BL1400 BL1800  BL1100 BL1100	48,000  97,895  249,000 3,000	48,000  97,895  249,000 3,000
6	7/12/2017	Movement of available funds to the Tuitions budget line (BL1800) in order to cover expected invoices until year end.  There is also a transfer to the Data Processing budget line (BL2100) in order to accommodate all ITC needs until year end and to bring forward some purchases which were initially planned in 2018.  The current administration budget line (BL2300) is reinforced to include further legal support required in the administrative area.  The SAB administrative budget (BL2600) will be slightly reinforced to cover increased anticipated costs linked to the FKC missions relating to the 2017 satellite launch campaign.	BL1100  BL1400  BL2000 BL2200 BL2400  BL3300	BL1800 BL2100 BL2300 BL3100  BL1800 BL2600  BL2100  BL3100	380,000  40,000  27,987.68  906	380,000  40,000  27,987.68  906



7	13/12/2017	<p>This transfer concerns the movement of available funds to the Tuitions budget line (BL1800) in order to cover expected invoices until year end.</p> <p>The current administration budget line (BL2300) also needs to be reinforced to include further legal support required in the administrative area.</p>	BL1300       BL1500  BL2100 BL2400 BL3300	BL1800 BL2300 BL1200   BL1800  BL2300	81,260       9,000  21,497.77	81,260       9,000  21,497.77
8	20/12/2017	<p>This transfer concerns the reallocation of available funds on a number of budget lines in order to ensure optimal use of commitment appropriations in 2017.</p> <p>The staff salaries line (BL1100) was reduced to zero, given that it is not possible to carry-forward appropriations.</p> <p>It is now possible to better estimate the amounts needed to carry-forward for missions (BL1300) raised and approved in 2017 and on other budget lines such as medical costs (BL1210), current administration (BL2300), FKC missions (BL2600) and interims and trainees (BL1600) and tuition fees (BL1800).</p>	BL1100       BL1300  BL1500  BL1100 BL1700 BL3100  BL2000 BL2300 BL2500	BL1210 BL1600   BL1600  BL1210  BL1800  BL2600	2,100       23,000  4,500  3,375.69  5,000	2,100       23,000  4,500  3,375.69  5,000



## **CHAPTER 2**

### **BUDGET IMPLEMENTATION IN 2017**

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

Where 2017 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 1,523,713.19 EUR adopted by the Administrative Board on 27 January 2017 in order to maximise the use of the remaining payment credits on Title 3.

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2017	Commitment Appropriations (CAs)			
			EXECUTED IN 2017	%	UNCOMMITTED	%
Title 1 - Staff expenditure						
1100	Staff expenditure	13,915,869.44	13,915,869.44	100%	0.00	0%
1200	Recruitment costs	82,260.00	82,260.00	100%	0.00	0%
1210	Medical services	35,600.00	35,600.00	100%	0.00	0%
1300	Missions and travel	1,295,740.00	1,295,740.00	100%	0.00	0%
1400	Training expenditure	110,000.00	110,000.00	100%	0.00	0%
1500	Social measures	266,500.00	266,500.00	100%	0.00	0%
1600	Interims & Trainees	295,000.00	295,000.00	100%	0.00	0%
1700	Representation expenditure	1,144.76	1,144.76	100%	0.00	0%
1800	Tuition fees	1,353,375.69	1,353,375.69	100%	0.00	0%
	Total for title 1	17,355,489.89	17,355,489.89	100%	0.00	0%
Title 2 - Administrative expenditure						
2000	Rental of buildings	2,453,499.80	2,453,499.80	100%	0.00	0%
2100	Data processing	1,162,124.00	1,162,124.00	100%	0.00	0%
2200	Movable property	998.92	998.92	100%	0.00	0%
2300	Current administrative costs	889,460.53	889,460.53	100%	0.00	0%
2400	Postage and telecommunication costs	254,361.00	254,361.00	100%	0.00	0%
2500	Meetings	52,000.00	52,000.00	100%	0.00	0%
2600	SAB administrative expenditure	395,000.00	395,000.00	100%	0.00	0%
	Total for title 2	5,207,444.25	5,207,444.25	100%	0.00	0%
	Total for titles 1 and 2	22,562,934.14	22,562,934.14	100%	0.00	0%

Budget line	Heading	COMMITMENT APPROPRIATIONS BUDGETED 2017	Commitment Appropriations (CAs)			
			EXECUTED IN 2017	%	UNCOMMITTED	%
Title 3 - Operational expenditure						
3100	Expenditure on studies	5,208,776.11	5,208,776.11	100%	0.00	0%
3300	SAB operational expenditure	695,937.75	695,937.75	100%	0.00	0%
	Total for title 3	5,904,713.86	5,904,713.86	100%	0.00	0%
	TOTAL T1+T2+T3	28,467,648.00	28,467,648.00	100%	0.00	0%

Table 4: Execution of C1 commitment appropriations 2017, in EUR

Budget line	Heading	PAYMENT APPROPRIATIONS BUDGETED 2017	Payment Appropriations (PAs)					
			PAID IN 2017	%	CARRIED FORWARD	%	TOTAL EXECUTED	%
Title 1 - Staff expenditure								
1100	Staff expenditure	13,915,869.44	13,915,869.44	100%	0.00	0%	13,915,869.44	100%
1200	Recruitment costs	82,260.00	61,518.40	75%	20,741.60	25%	82,260.00	100%
1210	Medical services	35,600.00	12,037.99	34%	23,562.01	66%	35,600.00	100%
1300	Missions and travel	1,295,740.00	1,101,197.92	85%	194,542.08	15%	1,295,740.00	100%
1400	Training expenditure	110,000.00	67,229.16	61%	42,770.84	39%	110,000.00	100%
1500	Social measures	266,500.00	202,027.06	76%	64,472.94	24%	266,500.00	100%
1600	Interims & Trainees	295,000.00	181,073.72	61%	113,926.28	39%	295,000.00	100%
1700	Representation expenditure	1,144.76	1,144.76	100%	0.00	0%	1,144.76	100%
1800	Tuition fees	1,353,375.69	1,226,910.20	91%	126,465.49	9%	1,353,375.69	100%
	Total for title 1	17,355,489.89	16,769,008.65	97%	586,481.24	3%	17,355,489.89	100%
Title 2 - Administrative expenditure								
2000	Rental of buildings	2,453,499.80	1,695,893.81	69%	757,605.99	31%	2,453,499.80	100%
2100	Data processing	1,162,124.00	431,682.17	37%	730,441.83	63%	1,162,124.00	100%
2200	Movable property	998.92	998.92	100%	0	0%	998.92	100%
2300	Current administrative costs	889,460.53	465,391.99	52%	424,068.54	48%	889,460.53	100%
2400	Postage and telecommunication costs	254,361.00	100,226.48	39%	154,134.52	61%	254,361.00	100%
2500	Meetings	52,000.00	45,948.39	88%	6,051.61	12%	52,000.00	100%
2600	SAB administrative expenditure	395,000.00	268,674.03	68%	126,325.97	32%	395,000.00	100%
	Total for title 2	5,207,444.25	3,008,815.79	58%	2,198,628.46	42%	5,207,444.25	100%

	<b>Total for titles 1 and 2</b>	<b>22,562,934.14</b>	<b>19,777,824.44</b>	<b>88%</b>	<b>2,785,109.70</b>	<b>12%</b>	<b>22,562,934.14</b>	<b>100%</b>
	<b>Title 3 - Operational expenditure</b>							
3100	Expenditure on studies	5,208,776.11	4,219,015.04	79%	1,136,659.57	21%	5,355,674.61	100%
3300	SAB operational expenditure	695,937.75	542,881.92	99%	6,157.33	1%	549,039.25	100%
	<b>Total for title 3</b>	<b>5,904,713.86</b>	<b>4,761,896.96</b>	<b>81%</b>	<b>1,142,816.90</b>	<b>19%</b>	<b>5,904,713.86</b>	<b>100%</b>
	<b>TOTAL T1+T2+T3</b>	<b>28,467,648.00</b>	<b>24,539,721.40</b>	<b>86%</b>	<b>3,927,926.60</b>	<b>14%</b>	<b>28,467,648.00</b>	<b>100%</b>

Table 5: Execution of C1 payment appropriations 2017, in EUR



## 2.1 Internal assigned revenues (C4, C5) implementation

### Fund source C4 – Internal assigned revenues of the year

Budget line	Heading	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Uncommitted	Carried over
1 1 0 0	Staff expenditure	69,329.60	67,258.02	97.01%	67,258.02	97%	2,071.58	2,071.58
1 3 0 0	Missions and travel	5,977.91	-	0.00%			5,977.91	5,977.91
1 4 0 0	Training expenditure	3,180.14	-	0.00%			3,180.14	3,180.14
1 6 0 0	Interims & Trainees	766.14	-	0.00%			766.14	766.14
1 8 0 0	Tuition fees	18,251.40	15,083.79	82.64%	15,083.79	83%	3,167.61	3,167.61
2 0 0 0	Rental of buildings	218,331.57	-	0.00%			218,331.57	218,331.57
2 1 0 0	Data processing	38,899.15	26,542.60	68.23%	26,542.60	68%	12,356.55	12,356.55
2 4 0 0	Postage and telecom. costs	15.26	-	-			15.26	15.26
	<b>Total</b>	<b>354,751.17</b>	<b>108,884.41</b>	<b>31%</b>	<b>108,884.41</b>	<b>31%</b>	<b>245,866.76</b>	<b>245,866.76</b>

Table 6: Execution of C4 commitment and payment appropriations 2017, in EUR

### Fund source C5 – Carried-over internal assigned revenues

Budget line	Heading	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Uncommitted	Balance Payment (2-3)
1 3 0 0	Missions and travel	2,861.33	2,861.33	100.00%	2,861.33	100.00%	0	0
1 8 0 0	Tuition fees	12,099.95	12,099.95	100.00%	12,099.95	100.00%	0	0
2 0 0 0	Rental of buildings	215,813.34	215,813.34	100.00%	215,813.34	100.00%	0	0
2 3 0 0	Current admin. costs	4,003.38	4,003.38	100.00%	4,003.38	100.00%	0	0
	<b>Total</b>	<b>234,778.00</b>	<b>234,778</b>	<b>100.00%</b>	<b>234,778.00</b>	<b>100.00%</b>	<b>0</b>	<b>0</b>

Table 7: Execution of C5 commitment and payment appropriations 2017, in EUR

## 2.2 Operational Expenditure – multi-annual overview

Budget line	Heading	Commitment Appropriations 2017	Commitment Appropriations 2016
3100	GSMC operations	2,991,502	3,490,420
3100	Promotion and marketing of the services	2,217,274.11	3,792,658.96
3300	Security accreditation	695,937.75	649,552
	<b>Total</b>	<b>5,904,713.86</b>	<b>7,932,630.96</b>

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

## 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 2017. Earmarked appropriations are appropriations from external assigned revenue – fund source R0.

Budget line	Heading	Summary of development	2017 Cash flow
3900,3904	FP6 2 <sup>nd</sup> call, FP6 3 <sup>rd</sup> call	Call project activities have been finalised and Agency proceeded with its financial and administrative closure.	No additional payment appropriations requested, unused balance returned to the EC and budget line closed.
3913	FP7 2 <sup>nd</sup> 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.
3917	FP7 3 <sup>rd</sup> call	All projects financed under this call were closed in 2016. One final payment of a total amount EUR 168,982.4 EUR was executed in 2017.	No additional payment appropriations requested; unused balance partially returned to the EC.
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). Payments for a total of EUR 5,553,804 were processed in 2017.	One instalment of payment appropriations in amount of EUR 528,400 was inscribed.
3919	Exploitation Delegation Agreement	The Exploitation Delegation Agreement was signed in May 2012 and made provision for the Agency to carry out budget implementation tasks related to (1) Preparation of EGNOS and Galileo Exploitation; (2) Support to the PRS development; (3) Application Action Plan (APPAP).  All planned payments were made by the end of 2015 when this Delegation Agreement was closed.	No additional payment appropriations requested, budget line closed;
3920	EGNOS Exploitation Delegation Agreement	The EGNOS Exploitation Delegation Agreement was signed in April 2014 for a period of 7 years with a delegated budget of 1.45 billion EUR, which was increased in 2016 by 102 million EUR to a total amount of 1.552 billion EUR. It makes provision for the Agency to carry out the implementation of tasks related to (A) Programme Management and Engineering Activities; (B) Operational Activities and Service Provision; (C) Communication Activities and (D) Asset Management.	Payment appropriations for a total of 192.9 million EUR were inscribed in two instalments.



		A total amount of 99 million EUR was committed in 2017 with a total of 104 million EUR made in payments.	
3921	Horizon 2020 1st call	<p>In total, 27 grants agreements were signed under 1<sup>st</sup> call of H2020 for a total of approximately 40 million EUR. Additional 1 million EUR was committed for reviews by external experts and a total of EUR 23,914,785 has been committed for PRS activities.</p> <p>Out of the 27 signed grants projects 21 closed the technical activities by the end of 2017. The remaining 6 grant projects are ongoing.</p> <p>At the end of December 2017 there were 37 grants payments executed: 25 interim payments and 13 final payments.</p> <p>In terms of procurement PRS contracts are still ongoing.</p> <p>Under H2020 1<sup>st</sup> call in 2017 the GSA has paid a total of EUR 7,064,358.88 as follows: grants: EUR 4,673,340.29, external experts: EUR 160,620.04, PRS procurement: EUR 2,230,398.55).</p>	Payment appropriations for a total of EUR 14,367,805 were inscribed in two instalments.
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. 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 289.7 million EUR was committed in 2017 under this Delegation Agreement and a total amount of 502 million EUR was made in payments in 2017.</p>	Payment appropriations for a total of EUR 441,844,245 were inscribed in four instalments.
3923	Horizon 2020 2 <sup>nd</sup> call	<p>In total 13 grant agreements were signed under H2020 2<sup>nd</sup> call. 2 projects of the 2nd call have already ended and the remaining 11 projects are ongoing.</p> <p>A total of EUR 5,602,661.52 was paid in in 2017 (EUR 5,514,611.50 for grants payments and EUR 88,050.02 for reviews by external experts).</p>	Payment appropriations for a total of EUR 7,864,450 were inscribed in two instalments.
3924	Horizon 2020 3 <sup>rd</sup> call	<p>There were 13 grant agreements signed in 2017 under 3<sup>rd</sup> call, total amount committed for grants was EUR 25,508,293.40. Additional 878,400 EUR was committed for reviews by external experts. At the end of 2017 a total of EUR 14,029,561.37 was paid in pre-financing.</p>	Payment appropriations for a total of EUR 19,986,000 were inscribed in one instalment.

Table 9: Overview of external assigned revenue budget lines in 2017, in EUR



### Cash flow of delegated budget

Budget line	Activity	Commitments in 2017	Payment approp. 1/1/2017	2017 Payment approp. received (+) /returned (-)	Payments made during 2017	Remaining Payment approp. 31/12/2017
3900	FP6 3rd call	0.00	328,164.80	-328,164.80	0	0.00
3904	FP6 2nd call	0.00	494,617.66	-494,617.66	0	0.00
3913	FP7 1&2 calls	0.00	595,412.13	-453,625.93	0	141,786.20
3917	FP7 3rd call	0.00	694,426.02	-190,639.64	168,982.40	334,803.98
3918	PRS DA	0.00	8,053,105.50	528,400.00	5,553,804.00	3,027,701.50
3919	Exploitation DA	0.00	469,712.77	-469,712.77	0	0.00
3920	EGNOS DA	99,756,899.58	104,363,003.28	192,937,354.81	104,031,307.77	193,269,050.32
3921	H2020 1st call	0	6,806,591.95	14,367,805	7,064,358.88	14,110,038.07
3922	Galileo DA	289,676,877.86	359,054,197.85	441,844,245	501,763,989.77	299,134,453.08
3923	H2020 2nd call	22,000.00	1,273,107.91	7,864,450	5,602,661.52	3,534,896.39
3924	H2020 3rd call	26,386,693.40	0.00	19,986,000	14,029,561.37	5,956,438.63
	<b>Totals</b>	<b>415,842,470.8</b>	<b>482,132,339.87</b>	<b>675,591,494.01</b>	<b>638,214,665.71</b>	<b>519,509,168.17</b>

Table 10: Overview of earmarked revenue (R0) during 2017, in EUR

Budget line	Activity	Cumulative Commit. Approp. (1)	Cumulative Executed Commitment Amnt. (2)	% Committed (2/1)	Cumulative Credit Not Used (1-2)	Cumulative Payment Approp. (3)	2017 Executed Payment Amnt. (4)	% Paid (4/3)	R A L (2-4)
3904	FP6 2nd call	0.00	0.00	0%	0.00	0.00	0.00	0%	0.00
3900	FP6 3rd call	0.00	0.00	0%	0.00	0.00	0.00	0%	0.00
3913	FP7 1&2 calls	296,527.11	0.00	0%	296,527.11	141,786.20	0.00	0%	0.00
3917	FP7 3rd call	1,922,816.56	168,982.40	9%	1,753,834.16	503,786.38	168,982.40	34%	0.00
3918	PRS DA	8,685,992.88	8,581,505.50	99%	104,487.38	8,581,505.50	5,553,804.00	65%	3,027,701.50
3919	Exploitation DA	65,837.18	0.00	0%	65,837.18	0.00		0%	0.00
3920	EGNOS DA	1,230,867,779.61	491,727,832.71	40%	739,139,946.90	297,300,358.09	104,031,307.77	35%	387,696,524.94
3921	H2020 1st call	34,346,741.95	31,976,096.70	93%	2,370,645.25	21,174,396.95	7,064,358.88	33%	24,911,737.82
3922	Galileo DA	2,391,129,080.55	1,295,369,236.68	54%	1,095,759,843.87	800,898,442.85	501,763,989.77	63%	793,605,246.91
3923	H2020 2nd call	13,122,938.91	11,754,549.08	90%	1,368,389.83	9,137,557.91	5,602,661.52	61%	6,151,887.56
3924	H2020 3rd call	34,150,000.00	26,386,693.40	77%	7,763,306.60	19,986,000.00	14,029,561.37	70%	12,357,132.03
Total		<b>3,714,587,714.75</b>	<b>1,865,964,896.47</b>	<b>50.23%</b>	<b>1,848,622,818.28</b>	<b>1,157,723,833.88</b>	<b>638,214,665.71</b>	<b>55.13%</b>	<b>1,227,750,230.76</b>

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

## 2.4 Payment appropriations carried over from 2016 to 2017 and carried over from 2017 to 2018

Automatic and non-automatic carry over of C1 appropriations to financial year 2018 totalled 3,927,926.6 EUR (from 2016 to 2017: 5,114,787.03 EUR).

Payment appropriations carried over on Title 2 (automatic carry-over) from 2017 to 2018, represented 42% of the total Title 2 budget, in comparison to 45.5% carried over on Title 2 (automatic carry-over) from 2016 to 2017.

Payment appropriations for an amount of 1,142,816.6 EUR on Title 3 were carried over (non-automatic carry over) from 2017 to 2018 to maintain the GSA's payment capacity on existing legal obligations, in comparison to 1,523,713.19 EUR carried over from 2016 to 2017.

The relatively high carry over on Title 3 is due primarily to the fact that a number of framework contracts were either expiring towards the end of 2017 or had reached their limits in terms of amounts contracted. As several contracts were dependent upon these new framework contracts, this resulted in a number of large-volume operational contracts being signed only at year end, with first payments on such contracts only possible in 2018. While the commitment appropriations under the operational budget lines have been fully consumed, the payment appropriations have therefore not.

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

Implementation of payment appropriations carried over to 2017 are shown in table 14.

	Automatic carry over from 2017 to 2018			Automatic carry over from 2016 to 2017		
	Total C1 commitments 2017	of which carried over to 2018	%	Total C1 commitments 2016	of which carried over to 2017	%
Title 1 Staff	17,355,489.89	586,481.24	3.4%	14,986,612.25	784,861.36	5%
Title 2 Administrative expenditure	5,207,444.25	2,198,628.46	42%	6,167,083.79	2,806,212.48	45.5%
Title 3 Operational expenditure	5,904,713.86	0	0%	7,932,630.96	0	0%
<b>Total</b>	<b>28,467,648</b>	<b>2,785,109.7</b>	<b>9.8%</b>	<b>29,086,327.00</b>	<b>3,591,073.84</b>	<b>12%</b>

Table 12: Automatic carry over, in EUR



	Non automatic carry over 2017 to 2018			Non automatic carry over 2016 to 2017		
	Total C1 commitments 2017	of which carried over to 2018	%	Total C1 commitments 2016	of which carried over to 2017	%
Title 1 Staff	17,355,489.89	0.00	0%	14,986,612.25	0.00	0%
Title 2 Administrative expenditure	5,207,444.25	0.00	0%	6,167,083.79	0.00	0%
Title 3 Operational expenditure	5,904,713.86	1,142,816.9	19%	7,932,630.96	1,523,713.19	19%
<b>Total</b>	<b>28,467,648</b>	<b>1,142,816.9</b>	<b>4%</b>	<b>29,086,327.00</b>	<b>1,523,713.19</b>	<b>5%</b>

Table 13: Non automatic carry over, in EUR

## Chapter 3

### Analysis on outstanding commitments

This chapter summarises the evolution of outstanding commitment balances during 2017 by budget line and title (Table 9).

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.

		(a)	(b)	(c)	(d)	(e)	(f)=(a)-(b)+(c)-(d)-(e)
Budget line	Description	Outstanding balances as of 01/01/2017 C5,C8	Payments on outstanding balances in 2017	New 2017 commitments C1,C4, C5	Payments on new 2017 commitments C1,C2,C4	Cancellations in 2017	Outstanding balances as of 31/12/2017 RAL
1100	Staff costs	0.00	0	13,983,127.46	13,983,127.46	0.00	0.00
1200	Recruitment	43,647.16	38,871.02	82,260.00	61,518.40	4,776.14	20,741.60
1210	Medical expenses	11,969.54	8,819.33	35,600.00	12,037.99	3,150.21	23,562.01
1300	Missions	299,940.49	229,050.14	1,298,601.33	1,104,059.25	70,890.35	194,542.08
1400	Training	138,772.54	117,219.46	110,000.00	67,229.16	21,553.08	42,770.84
1500	Social measures	16,018.34	14,897.83	266,500.00	202,027.06	1,120.51	64,472.94
1600	Interims & Trainees	109,726.98	105,476.39	295,000.00	181,073.72	4,250.59	113,926.28
1700	Representation	0.00	0.00	1,144.76	1,144.76	0.00	0.00
1800	Tuition fees	164,786.31	164,786.31	1,380,559.43	1,254,093.94	0.00	126,465.49
	<b>Total title 1</b>	<b>784,861.36</b>	<b>679,120.48</b>	<b>17,452,792.98</b>	<b>16,866,311.74</b>	<b>105,740.88</b>	<b>586,481.24</b>



2000	Rent	635,919.27	556,659.87	2,669,313.14	1,911,707.15	79,259.40	757,605.99
2100	Data processing	1,498,920.77	1,460,717.62	1,188,666.60	458,224.77	38,203.15	730,441.83
2200	Movable property	92,915.67	90,090.76	998.92	998.92	2,824.91	0.00
2300	Current admin costs	254,214.00	221,646.32	893,463.91	469,395.37	32,567.68	424,068.54
2400	Post/telecom	138,873.60	130,036.06	254,361.00	100,226.48	8,837.54	154,134.52
2500	Meetings	4,199.62	3,655.72	52,000.00	45,948.39	543.90	6,051.61
2600	SAB administrative expenditure	181,169.55	178,186.44	395,000.00	268,674.03	2,983.11	126,325.97
	<b>Total title 2</b>	<b>2,806,212.48</b>	<b>2,640,992.79</b>	<b>5,453,803.57</b>	<b>3,255,175.11</b>	<b>165,219.69</b>	<b>2,198,628.46</b>
3100	Operations & studies	6,851,268.50	5,276,615.50	5,208,776.11	327,835.28	0.00	6,455,593.83
3300	SAB costs	1,194,795.12	625,571.37	695,937.75	55,588.00	0.00	1,209,573.50
	<b>Total title 3</b>	<b>8,046,063.62</b>	<b>5,902,186.87</b>	<b>5,904,713.86</b>	<b>383,423.28</b>	<b>0.00</b>	<b>7,665,167.33</b>
	<b>Totals</b>	<b>11,637,137.46</b>	<b>9,222,300.14</b>	<b>28,811,310.41</b>	<b>20,504,910.13</b>	<b>270,960.57</b>	<b>10,450,277.03</b>

Table 14: Overview of outstanding balances at the end of 2017, in EUR

## Chapter 4

### Revenue

#### 4.1 Nature of Revenue

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)	28,467,648.00	28,467,648.00	28,467,648.00	0.00
2008	Other subsidy from Commission (Delegation Agreements)	0.00	675,355,456.04	675,347,942.10	7,513.94
9000	Other income (Recovery orders issued in 2017)	0.00	617,555.06	598,816.04	18,739.02
	<b>TOTAL</b>	<b>28,467,648.00</b>	<b>704,440,659.10</b>	<b>704,414,406.14</b>	<b>26,252.96</b>

Table 15: Overview of revenue in 2017, in EUR

## Chapter 5

### Staff and establishment plan for 2017

	2017			
	Authorised under the EU Budget		Filled as of 31/12/2017	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14		1		1
AD 13		2		1
AD 12		5		2
AD 11		6		5
AD 10		13		8
AD 9		12		15
AD 8		30		29
AD 7		34		38
AD 6		8		8
AD 5				4
AD total		111		111
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6		2		
AST 5		1		2
AST 4		1		1
AST 3				1
AST 2		1		
AST 1				1
AST total		5		5
GRAND TOTAL	116		116	

Table 16: Establishment plan in 2017

## **PART II**

### **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 2017, with a release planned in early 2018. 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 2017: 504 commitments, de-commitments and modification of commitments, 4,400 payment requests, 1,533 mission orders, 82 recovery orders and 8 internal transfers. All in all, 6,527 financial transactions were processed by the GSA in 2017 (representing a 24% increase on the number processed in 2016).

The GSA succeeded in maintaining its payment time statistics in 2017 with 99 % 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 14.5 days.

The GSA continued in 2017 to review and improve on its existing financial procedures. The result of this review in 2017 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 EC are contributing towards even more efficient management of grants and experts and improving risk monitoring.
- Update of 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.

## 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	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> . <i>Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request;</i> <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> The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21(2).
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.