

Report on budgetary and financial management

Financial year: 2018

EIT report pursuant to Article 93 of the EIT Financial Regulation

European Institute of Innovation and Technology (EIT)

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The EIT is a body of the European Union



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Introduction

Legal basis

The EIT is a body of the European Union established in March 2008¹.

The European Institute of Innovation and Technology (EIT) is a unique EU initiative to enhance innovation and entrepreneurship across Europe. The encompassing idea is simple: strength is in diversity. EIT brings together leading universities, research labs and companies to form dynamic pan-European partnerships. Together, they develop innovative products and services, start new companies, and train a new generation of entrepreneurs. They bring ideas to market, turn students into entrepreneurs. They innovate.

Article 93(1) of the European Institute of Innovation and Technology (EIT) Financial Regulation² stipulates *that the "EIT shall prepare a report on budgetary and financial management for the financial year."*

The present report analyses the appropriations managed by the EIT in 2018. These appropriations consist of Title 1 – Staff expenditure, Title 2 – Infrastructure and operating expenditure, Title 3 – Operational expenditure and Title 4 – Cancelled appropriations not used in year n.

The analysis follows the Accounting Rule 16³ on the presentation of budget information in annual accounts. According to this rule, the comparison of budget and actual amounts shall present separately, for each area of activity, the original and final budget amounts explaining all changes approved by the EIT Governing Board to revise the original budget and the actual implemented amounts on a comparable basis.

EIT has a special derogation allowing to re-enter cancelled commitment and payment appropriations up to the following three financial year. It means that EIT can re-enter the budget result for year n up to the following three financial year, namely until n+3, as well as the unused commitment appropriations.

Content of the report

Part A of the report analyses the year, including:

- a summary of the various stages of the budgetary procedure for 2018, explaining how the appropriations for the 2018 financial year were arrived at during the process of budgetary negotiation and the establishment of the budget;

¹ The EIT founding regulation (Regulation (EC) 294/2008) was amended in 2013: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:L:2013:347:TOC>

² EIT Governing Board Decision of 27 December 2013 and its amendment of 5 March 2015

³ Accounting Rule 16 adopted by the Accounting Officer of the Commission to be applied by all the institutions and Agencies.

- a description of the main adjustments to the budget during the financial year (carry-overs, re-entry, budget amendments, transfers) and the reasons for these adjustments, leading to the final appropriations of the year;
- an overview of the implementation of revenue and expenditure;
- an assessment of the unused amounts carried forward/re-entered and the evolution of the outstanding commitments⁴.

Part B of the report is a detailed analysis of budget implementation by chapter, including tables and text, setting out the appropriations made available and their implementation.

Definitions of terms used in this report

Total appropriations of the year:

- Initial budget: appropriations voted by the Budget Authority (BA) and adopted by the EIT Governing Board (GB).
- Amending budgets (AB): an increase or a decrease in the EIT's initial adopted budget.
- EIT transfers: transfers decided by the EIT Director on his own authority in accordance with Article 27(1) of the EIT Financial Regulation
- GB transfers: transfers decided by the EIT Governing Board in accordance with Article 27(2) of EIT Financial Regulation
- Carry-over from 2017: budgetary appropriations carried over automatically or by a decision of the EIT Governing Board in accordance with Article 14 of the EIT Financial Regulation.
- Re-entry from 2016 and 2017: budgetary appropriations re-entered by a decision of the EIT Governing Board in accordance with Article 14 of the EIT Financial Regulation.
- Assigned revenue: appropriations comes from the result related to ex-post audit of grants to Knowledge and Innovation Communities (KICs).

The terminology is explained in the table on types of appropriation here below:

Fund source code	Found source description	Presentation in this report
C1	Initial budget + Amending budget + Transfers	Voted budget
C2	Carry-over/re-entry of payment appropriations on decision to be used before 31/12	Re-entry from 2015, 2016 and 2017 to 2018
C3	Carry-over/re-entry of commitment appropriations on decision	Re-entry from 2016 and 2017 to 2018

⁴ RAL - reste à liquider

C4	Refunds	Belongs to assigned revenue
C5	Carry-over of appropriations arising from assigned revenue	Belongs to assigned revenue
C8	Automatic carry-over of payment appropriations corresponding to commitments of non-differentiated appropriations	Carry-over from 2017 to 2018
IC1	Income voted in the budget	Income voted in the budget
IC4	Internal assigned revenue	Belongs to assigned revenue

Date of extraction

The implementation data is based on the preliminary data serving as a basis for the provisional accounts on 1 March 2019. Unless otherwise stated, amounts are provided in Euro.

Management information system

The EIT used the following software during the financial year:

- BLUEBELL for budgetary planning and monitoring;
- ABAC Workflow for budget management, budgetary accounting and contract management;
- SAP for financial accounting (general accounting);
- SPEEDWELL for electronic payment workflow
- Datawarehouse for financial reporting;
- ABAC Assets for fixed asset management;
- MiMa for mission management;
- EIT collaboration platform "DUNA" for submission of KICs business plans and reports;

Budget and financial management

With an increasing number of results and success stories from its activities, which were confirmed by multiple external evaluations and studies, the achievements of the EIT and its Innovation Communities became more widely recognised.

Seeing the emerging successes from KICs, the decision of the EIT Governing Board for the financial allocation for the year 2018 had even more importance than ever, also considering that the Governing Board allocated EIT grants to six Innovation Communities with a record allocation of EUR 400 million.

- EIT Climate-KIC, EIT Digital and EIT InnoEnergy were designated in 2010 and are fully operational, and deliver outputs and results as measured by the EIT's core KPIs.
- EIT Health and EIT Raw Materials were designated in December 2014 and completed their third full year of operations in 2018 with tangible results emerging.
- EIT Food was selected and designated by the EIT Governing Board in November 2016 and completed its first full year of operation in 2018.

Some of the substantial highlights of the year were INNOVEIT 2018 and the EIT Awards 2018, the finalisation of the call for new Innovation Communities in the thematic fields of added-value-manufacturing and urban mobility, the increasing effectiveness of the EIT House in Brussels etc. They all marked great moments for the EIT in 2018 and contributed to a highly successful year in the history of the EIT.

In January 2018 EIT became financially autonomous. Since October 2018, the accounting function has been outsourced to the European Commission.

The EIT budget is financed by an EU subsidy and other revenue.

In 2018, the EU subsidy to the EIT, including the EFTA and third party (H2020) contribution amounted to EUR 345.2 million (99.97%), and EUR 0.1 million (0.03%) corresponded to other revenue.

In 2018, other revenue comprised repayments of KIC grants following ex-post audits, surplus for 2017 and other revenue from administrative operations.

A surplus of EUR 2.6 million out of EUR 4.2 million was re-entered in 2018, which was fully consumed.

For commitments, the EIT reached an implementation rate of 92.0%, which was slightly above the execution rate of 2017 (2017: 91.0%, 2016: 94.9%, 2015: 90.6%). This is mainly owing to the increase on Title 3. On Title 1, the execution rate decreased from 98.1% to 95.5%. On Title 2, the appropriations were implemented at almost the same rate like in 2017, namely at 84.1% (2017: 84.5%). The low implementation rate of commitment appropriations on Title 2 is mainly owing to the nature of the expense where it is difficult to forecast the exact cost of certain categories, like transport, fitting-out works, meeting expenses and costs of publication in the Official Journal. The implementation rate of commitment appropriations on Title 3 (92.0%) is slightly higher than in 2017 (91.1%) mainly owing to KIC grants.

The implementation rate of payment appropriations, representing 97.8%, was very high. There was a slight decrease compared to 2017 (99.5%). The lower implementation rate comes partially from the amount of the final balance payment to the KICs and IT support cost. Due to the nature of KIC grant activities, it is difficult to pre-estimate their final funds required. In addition to that, at the end of the financial year EIT concluded a new framework contract for IT support services, as a result of which the implementation of contracts for IT on-site and off-site support went beyond the financial year, which effected the execution rate of payments.

NOTE: The information contained in this report is without prejudice to the content of the official EIT documents on the closure of the accounts. Readers should refer in particular to the final revenue and expenditure account for the official figures on the 2018 budget outturn.

Part A – Overview of the budget 2018

This Section explain how the EIT budget is defined from the voted to the final, including short description of the reason behind main amendments and transfers.

Table 1 – Overview of the budget

Title, Chapter	Heading	VOTED BUDGET (Dec. 2017)		AMENDMENTS/TRANSFERS		RE-ENTRY		ASSIGNED REVENUE		FINAL BUDGET	
		Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)
1	STAFF EXPENDITURE	5,107,500.00	5,107,500.00	883,000.00	883,000.00	0.00	0.00	0.00	0.00	5,990,500.00	5,990,500.00
11	Staff in active employment	4,213,000.00	4,213,000.00	435,000.00	435,000.00	0.00	0.00	0.00	0.00	4,648,000.00	4,648,000.00
12	Recruitment expenses	36,000.00	36,000.00	0.00	0.00	0.00	0.00	0.00	0.00	36,000.00	36,000.00
13	Mission	220,000.00	220,000.00	75,000.00	75,000.00	0.00	0.00	0.00	0.00	295,000.00	295,000.00
14	Socio-medical infrastructure	133,600.00	133,600.00	-20,300.00	-20,300.00	0.00	0.00	0.00	0.00	113,300.00	113,300.00
15	Training	55,000.00	55,000.00	35,000.00	35,000.00	0.00	0.00	0.00	0.00	90,000.00	90,000.00
16	External staff and linguistic support	446,000.00	446,000.00	358,300.00	358,300.00	0.00	0.00	0.00	0.00	804,300.00	804,300.00
17	Representation	3,900.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00	3,900.00	3,900.00
2	INFRASTRUCTURE AND OPERATING EXPENDITURE	1,264,637.20	1,264,637.20	107,870.00	107,870.00	0.00	0.00	1,892.80	1,892.80	1,374,400.00	1,374,400.00
20	Building and associated costs	125,300.00	125,300.00	113,600.00	113,600.00	0.00	0.00	0.00	0.00	238,900.00	238,900.00
21	Information and communication technology	385,987.86	385,987.86	39,600.00	39,600.00	0.00	0.00	1,112.14	1,112.14	426,700.00	426,700.00
22	Moveable property and associated costs	39,019.34	39,019.34	-7,350.00	-7,350.00	0.00	0.00	780.66	780.66	32,450.00	32,450.00
23	Current administrative expenditure	359,350.00	359,350.00	62,000.00	62,000.00	0.00	0.00	0.00	0.00	421,350.00	421,350.00
24	Publications, information, studies and surveys	4,000.00	4,000.00	-2,000.00	-2,000.00	0.00	0.00	0.00	0.00	2,000.00	2,000.00
25	Meeting expenses	350,980.00	350,980.00	-97,980.00	-97,980.00	0.00	0.00	0.00	0.00	253,000.00	253,000.00
3	OPERATIONAL EXPENDITURE	423,123,906.25	390,208,591.44	-1,500,850.45	-52,374,887.93	0.00	2,593,615.10	95,455.31	95,455.31	421,718,511.11	340,522,773.92
30	Grants	417,721,958.25	384,520,446.44	-612,805.45	-51,893,962.93	0.00	2,593,615.10	95,455.31	95,455.31	417,204,608.11	335,315,553.92
31	Knowledge and Innovation Communities	2,664,903.00	2,814,760.00	429,300.00	-29,500.00	0.00	0.00	0.00	0.00	3,094,203.00	2,785,260.00
32	EIT's impact	2,328,000.00	2,411,910.00	-980,300.00	-159,950.00	0.00	0.00	0.00	0.00	1,347,700.00	2,251,960.00
33	Simplification, monitoring and evaluation	409,045.00	461,475.00	-337,045.00	-291,475.00	0.00	0.00	0.00	0.00	72,000.00	170,000.00
4	CANCELLED APPROPRIATIONS	1,459,123.92	0.00	0.00	0.00	27,514,196.51	1,617,794.42	0.00	0.00	28,973,320.43	1,617,794.42
40	Cancelled appropriations not used in year n	1,459,123.92	0.00	0.00	0.00	27,514,196.51	1,617,794.42	0.00	0.00	28,973,320.43	1,617,794.42
	TOTAL	430,955,167.37	396,580,728.64	-509,980.45	-51,384,017.93	27,514,196.51	4,211,409.52	97,348.11	97,348.11	458,056,731.54	349,505,468.34

A.1 Budget amendments

Two budget amendments were adopted during the 2018 financial year.

Table 2 - List of budget amendments including their grounds and financial impact

AB No	Date of adoption	Main subject Description	Official Journal reference	Impact on commitment and payment appropriations (in EUR)
1 ⁵	14 February 2018	It contains the budget result of 2017, the decision on re-entry of appropriations, increase of legal cost, etc.. In addition, this amendment reflects the actual and foreseen implementation of the budget and the annual work programme.	OJ C 515, 15.11.2018, p. 49-52	CA: 26,8887,133.24 PA: - 27,042,640.34
2 ⁶	5 December 2018	It comprises the correction of income and payment appropriations to reflect the amounts collected during the financial year as well as the review of the implementation of both the budget and Annual Work Programme.	OJ C ⁷	CA: 117,082.82 PA: - 24,341,377.59

A.2 Transfers made during the financial year

There are two types of transfers:

- EIT transfers: transfers decided upon by the EIT Director on his own authority in accordance with Article 27(1) of the EIT's Financial Regulation (transfers from one chapter to another without limit and transfers from one title to another below 10% of the adopted budget)
- EIT Governing Board transfers: transfers decided upon by the Governing Board (GB) in accordance with Article 27(2) of EIT Financial Regulation (transfer from one title to another above 10% of the adopted budget)

In 2018, the EIT Director approved three transfers, which is below the limit established by the EIT Financial Regulation.

⁵ Decision 4/2018, 00772.EIT.2018.I.GB.WP

⁶ Decision 35/2018, Ares(2018)6250968

⁷ At the time of preparation of this report it is under publication.

Table 3 - List of transfers including their grounds and financial impact

Transfer No	Date of adoption	Main subject Description	Impact on commitment appropriations (EUR)	Impact on payment appropriations (EUR)
1 ⁸	131 June 2018	The commitment and payment appropriations on the following budget lines were not sufficient to cover the needs of the rest of the year: 1121 Entitlements related to leaving of the service, 1500 training, 1600 Agency staff, 1604 Administrative assistance, 2000 Renting, 2003 Water, gas, electricity, 2005 Security and surveillance, 2006 Fitting out of premises, 2009 Other building expenditure, 2304 Handling and moving, 3114 new KICs	Title 1: 142,000 Title 2 55,950 Title 3 90,000	Title 1: 142,000 Title 2 55,950 Title 3 90,000
2 ⁹	10 July 2018	The commitment and payment appropriations on budget line 2000 renting was not sufficient to cover the cost of lease of office space in EIT House Brussels.	9,850	9,850
3 ¹⁰	14 September 2018	The commitment and payment appropriations on the following budget lines were not sufficient to cover the needs of the rest of the year: 1100 Basic salary, 1102 Employer's charges, 1121 Entitlement related to entering the service, 1300 Mission, 1603 IT support, 1604 Administrative assistance, 2004 Cleaning and maintenance, 2006 Fitting out, 2100 Acquisition of ICT equipment	Title 1 525,000 Title 2 132,000	Title 1 525,000 Title 2 132,000

⁸ Decision 30/2018, 03238.EIT.2018.I.HG

⁹ Decision 35/2018,06263EIT.2018.I.HG

¹⁰ Decision 40/2018, 11737.EIT.2018.I.HG

A.3 Implementation overview

A.3.1 Implementation of revenue (IC1, IC4)

The revenue increased by 12.6% compared to 2017 since EIT's expenditure increased as well. Section 1 of Part B provides further explanation by revenue items.

Table 4 – EIT revenue collected in EUR

Income line header	2018	2017	2016	Var. 2018/2017, %
European Union subsidy, EFTA and third party contribution	345,176,976.00	303,311,492.98	263,554,082.96	13.8%
Contribution by the Host Member State	0.00	0	0.00	
Other revenue from administrative operations	21,338.77	12,172.25	4,583.70	75.3%
Surplus, balances	4,211,409.52	6,147,275.69	7,065,708.31	-31.5%
Repayment of KICs grants incurred as a result of an ex-post audit	95,455.31	1,058,890.90	431,827.42	-91.0%
TOTAL	349,505,179.60	310,529,831.82	271,056,202.39	12.6%

A.3.2 Implementation of authorised appropriations (C1, C4)

For commitments, the EIT reached an implementation rate of 92.0%, which was a slight increase compared to 2017 (2017: 91.0%, 2016: 94.9%, 2015: 90.6%). This is mainly owing to the increase of rate on Title 3. On Title 1, the execution rate decreased from 98.1% to 95.5%. On Title 2, the appropriations were implemented at a slightly lower rate compared to 2017, namely at 84.1% (2017: 84.5%). The lower implementation rate of commitment appropriations on Title 1 and 2 is mainly due to the nature of the expense where it is difficult to forecast the exact costs, such as expenses for kindergarten for staffs' dependent children, medical expense, expenses for transport, legal expense, other administrative expense, expenses related to internal meetings, costs of publication in the Official Journal etc. The low implementation rate of commitment appropriations on Title 3 is mainly due to KIC grants, expert contracts and organization of events.

Chart 1 – Comparison of budget execution rates for commitments (as percentage of the total)

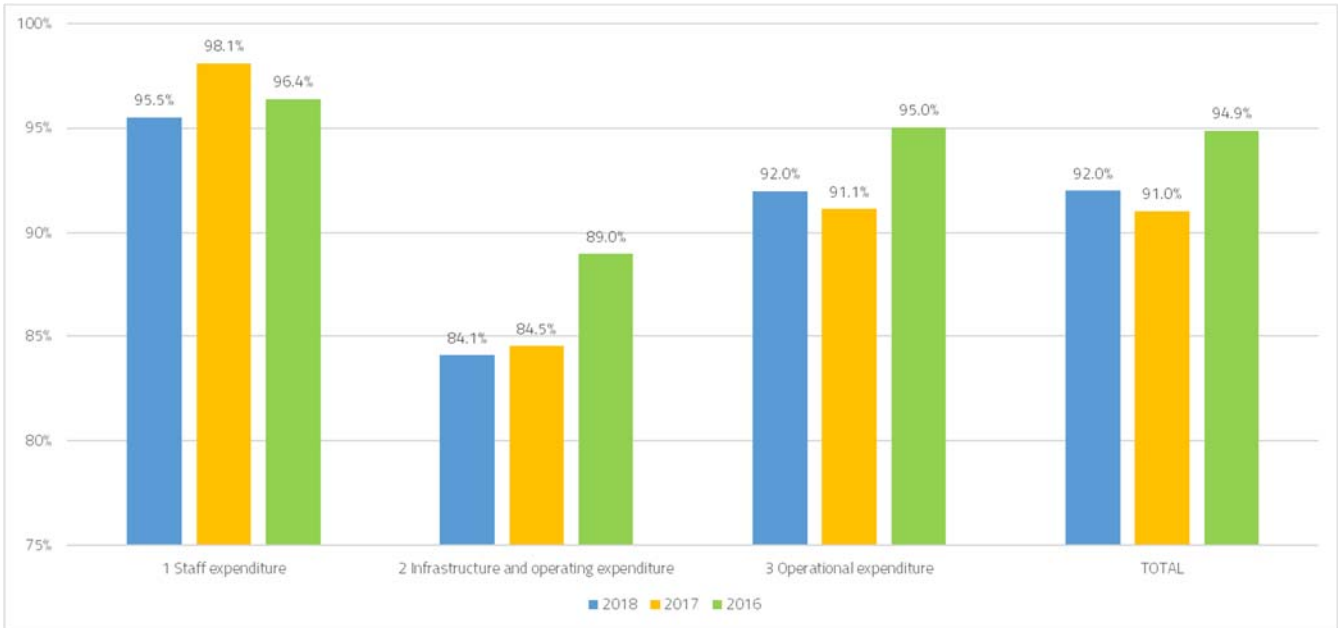


Table 5 – Comparison of budget execution for commitments, EUR

Budget Title	2018	2017	2016
1 Staff expenditure	5,722,137.70	4,537,165.82	4,164,316.62
2 Infrastructure and operating expenditure	1,155,731.95	710,563.51	973,458.87
3 Operational expenditure	387,940,476.19	283,242,645.71	244,774,789.20
TOTAL	394,818,345.84	288,490,375.04	249,912,564.69

The implementation rate of payment appropriations, representing 97.8%, was very high. There was a slight decrease compared to 2017 (99.5%). The lower implementation rate comes from partially the amount of the final balance payment to the KICs and IT support cost.

Although the execution rate of payments on Title 2 infrastructure and operating expenditure was increased to 62.6% compared to 2017 (54.6%), the low implementation rate is due to the fact that there are certain expense types that typical incur during the final months of a year therefore must be paid in the following year, such as cleaning services, catering, telecommunications, travel or expenses related to Governing Board meetings in December

Chart 2 – Comparison of budget execution rates for payments (as percentage of the total)

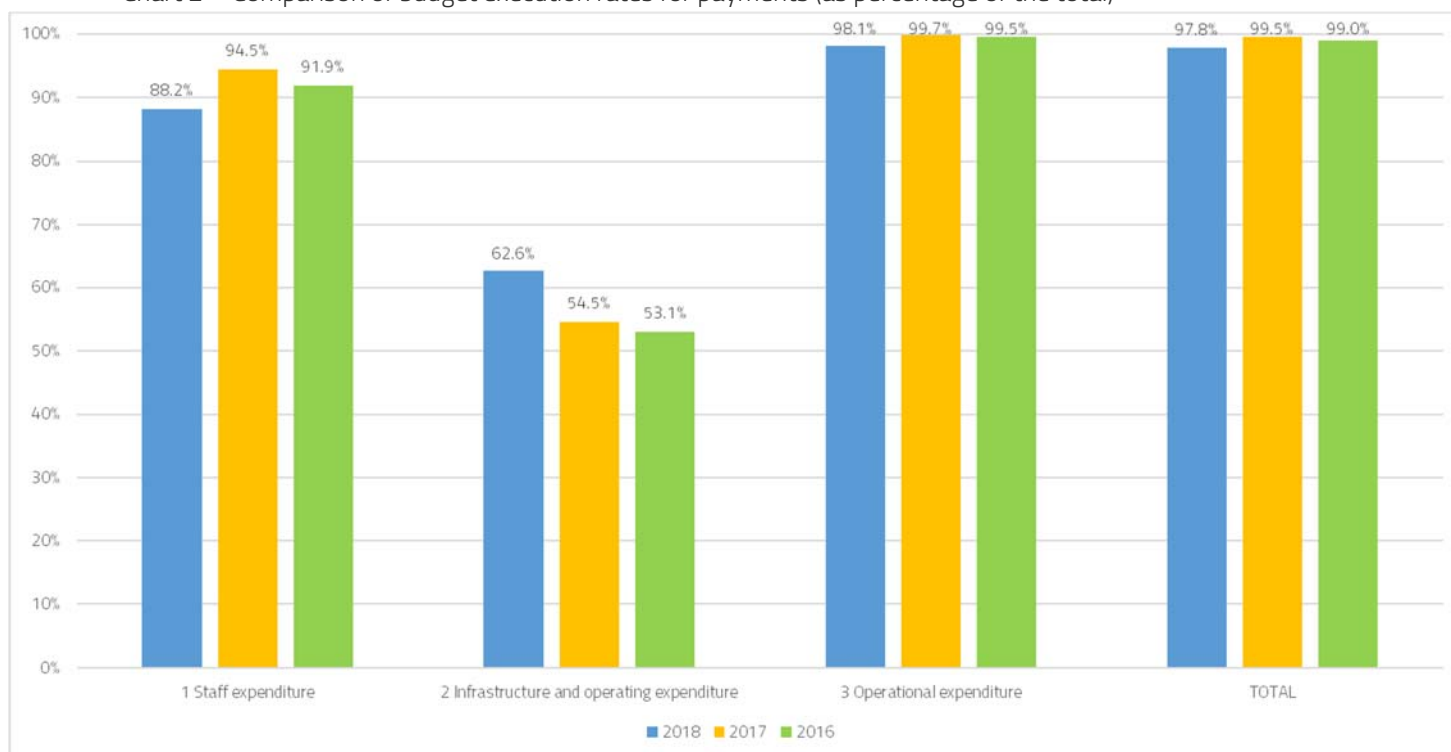


Table 6 – Comparison of budget execution for payments in EUR

Budget Title	2018	2017	2016
1 Staff expenditure	5,283,629.67	4,368,993.07	3,968,571.84
2 Infrastructure and operating expenditure	860,552.31	458,545.07	580,353.18
3 Operational expenditure	331,443,181.04	297,645,870.91	256,803,096.75
TOTAL	337,587,363.02	302,473,409.05	261,352,021.77

A.3.4 Carry-over/re-entry from previous financial year(s)

Carry-over of appropriations from 2017 to 2018 on decision (C2, C3)

The EIT Governing Board decided to re-enter appropriations cancelled in 2015, 2016 and 2017 instead of carrying them over.

Re-entry of appropriations from 2015, 2016 and 2017 to 2018 on decision (C2, C3)

In its decisions on budget amendment No 1, the EIT Governing Board decided to re-enter the payment appropriations, which were cancelled in 2015 and 2017, for the financial year 2018. The re-entered payment appropriations were fully utilized.

Part of the payment appropriations cancelled in 2017 was re-entered in 2018. The remaining part of appropriations cancelled in 2017 was booked on Title 4, where EIT collects cancelled appropriations not needed in the financial year. Title 4 allows to monitor the use of cancelled appropriation and be in line with the derogation for following the three-year rule¹¹.

Table 7a – Implementation of commitment appropriations re-entered from 2016 and 2017 to 2018 (C2, C3)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)		
		from 2016	from 2017	total
B4-001	Cancelled appropriations for year n-1 not used in year n	-	27,514,196.51	27,514,196.51
B4-002	Cancelled appropriations for year n-2 not used in year n	1,459,123.92		1,459,123.92
	Total	1,459,123.92	27,514,196.51	28,973,320.43
	GRAND TOTAL	1,459,123.92	27,514,196.51	28,973,320.43

Table 7b – Implementation of payment appropriations re-entered from 2015, 2016 and 2017 to 2018 (C2, C3)

Budget line	Budget Item Description	Payment appropriations, EUR (3)				Payments made, EUR (4)	% Paid (4/3)
		from 2015	from 2016	from 2017	total		
B3-000	KIC grants	1,548,486.24		1,045,128.86	2,593,615.10	2,593,615.10	100.00%
	Total	1,548,486.24	-	1,045,128.86	2,593,615.10	2,593,615.10	100.00%
B4-001	Cancelled appropriations for year n-1 not used in year n		1,617,794.42		1,617,794.42	-	0.00%
	Total	-	1,617,794.42	-	1,617,794.42	-	0.00%
	GRAND TOTAL	1,548,486.24	1,617,794.42	1,045,128.86	4,211,409.52	2,593,615.10	61.59%

¹¹ According to Art 14 (1) of EIT FR: "Appropriations which have not been used by the end of the financial year for which they were entered shall be cancelled. Given the needs of the EIT, the cancelled appropriations may be re-entered in the estimate of revenue and expenditure up to the following three financial years, in accordance with Article 33".

Automatic carryover of appropriations, corresponding to obligations duly contracted (C8)

Pursuant to Article 14(5) of the EIT Financial Regulation, non-differentiated appropriations, corresponding to obligations duly contracted at the close of the financial year, must be carried over automatically to the following year.

83.7% of the non-differentiated appropriations, namely the administrative appropriations carried over from 2017 to 2018 were paid, which represents an adequate level of execution, taking into account the nature of these expenses. However, the estimation of amounts to be carried over has to be further improved.

Title 1 and Title 2

On Title 1 budget lines, 91.7% of appropriations carried over were paid. The low implementation rate on Title 2 appropriations (64.8%) primarily derives from expenses related to utilities, stationaries, postage, telecommunication, bank charges and travel costs of EIT Governing Board members, which by nature are difficult to estimate.

Table 8a – Implementation of appropriations on Title 1 and 2 carried over automatically from 2017 to 2018 (C8)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L (2-4)
A-1200	Recruitment expenses	5,112.49	5,112.49	100.00%	5,112.49	5,112.49	100.00%	-
	Total	5,112.49	5,112.49	100.00%	5,112.49	5,112.49	100.00%	-
A-1300	Mission expenses	31,081.68	28,160.00	90.60%	31,081.68	28,160.00	90.60%	-
	Total	31,081.68	28,160.00	90.60%	31,081.68	28,160.00	90.60%	-
A-1401	Medical expenses	496.21	496.21	100.00%	496.21	496.21	100.00%	-
A-1403	Social contacts	200.00	-	0.00%	200.00	-	0.00%	-
	Total	696.21	496.21	71.27%	696.21	496.21	71.27%	
A-1500	Training	16,502.92	12,368.88	74.95%	16,502.92	12,368.88	74.95%	
	Total	16,502.92	12,368.88	74.95%	16,502.92	12,368.88	74.95%	
A-1600	Agency staff	45,480.15	42,296.25	93.00%	45,480.15	42,296.25	93.00%	
A-1602	Trainees	14,210.00	14,210.00	100.00%	14,210.00	14,210.00	100.00%	
A-1603	IT support	35,200.00	35,141.00	99.83%	35,200.00	35,141.00	99.83%	

A-1604	Administrative assistance	11,039.40	9,795.12	88.73%	11,039.40	9,795.12	88.73%	
A-1611	Translation	8,849.90	6,663.85	75.30%	8,849.90	6,663.85	75.30%	
	Total	114,779.45	108,106.22	94.19%	114,779.45	108,106.22	94.19%	
	TOTAL - Title 1	168,172.75	154,243.80	91.72%	168,172.75	154,243.80	91.72%	
A-2000	Renting	300.00	300.00	100.00%	300.00	300.00	100.00%	
A-2003	Water gas electricity and heating	20,000.00	10,980.78	54.90%	20,000.00	10,980.78	54.90%	
A-2004	Cleaning and maintenance	5,580.23	3,312.00	59.35%	5,580.23	3,312.00	59.35%	
A-2005	Security and surveillance	6,049.70	5,773.30	95.43%	6,049.70	5,773.30	95.43%	
	Total	31,929.93	20,366.08	63.78%	31,929.93	20,366.08	63.78%	
A-2100	Acquisition renting of equipment and software	37,014.51	37,014.51	100.00%	37,014.51	37,014.51	100.00%	
A-2101	Maintenance and repair of equipment	8,444.80	8,444.80	100.00%	8,444.80	8,444.80	100.00%	
	Total	45,459.31	45,459.31	100.00%	45,459.31	45,459.31	100.00%	
A-2200	Acquisition, rental of general and technical equipment	4,600.00	4,600.00	100.00%	4,600.00	4,600.00	100.00%	
A-2220	Acquisition of furniture	14,051.06	13,841.46	98.51%	14,051.06	13,841.46	98.51%	
	Total	18,651.06	18,441.46	98.88%	18,651.06	18,441.46	98.88%	
A-2300	Stationery	845.01	143.36	16.97%	845.01	143.36	16.97%	
A-2301	Postage and delivery charges	800.73	556.12	69.45%	800.73	556.12	69.45%	
A-2302	Telecommunication charges	11,316.73	8,683.01	76.73%	11,316.73	8,683.01	76.73%	
A-2303	Legal expenses and damages	5,280.00	5,280.00	100.00%	5,280.00	5,280.00	100.00%	
A-2305	Bank charges	26,997.89	920.67	3.41%	26,997.89	920.67	3.41%	
	Total	82,542.48	52,466.08	63.56%	82,542.48	52,466.08	63.50%	

A-2400	Official Journal	650.00	521.09	80.17%	650.00	521.09	80.17%	
	Total	650.00	521.09	80.17%	650.00	521.09	80.17%	
A-2500	Organisation and travel expense of GB meetings	110,087.78	50,160.33	45.56%	110,087.78	50,160.33	45.56%	
	Total	110,087.78	50,160.33	45.56%	110,087.78	50,160.33	45.56%	
	Total - Title 2	289,320.56	187,414.35	64.78%	289,320.56	187,414.35	64.78%	
TOTAL - Title 1 and Title 2		457,493.31	341,658.15	74.68%	457,493.31	341,658.15	74.68%	

Title 3

Budgetary commitments on Title 3 budget lines corresponding to obligations duly contracted and not or only partially paid at the closure of the financial year were carried forward from 2017 to 2018. The execution rate of 73.3% for operational expenses was mainly due to the following: KICs could not fully absorb the 2017 grants. 4.5% of the budgetary commitment has not been paid in 2018, thus carried forward again.

Table 8b - Implementation of appropriations carried over automatically from 2017 to 2018 (C8)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/2)	R A L (2-4)
B3-000	KIC Grants	73,146,374.68	53,134,399.42	72.64%		51,936,004.42	97.74%	1,198,395.00
	Total	73,146,374.68	53,134,399.42	72.64%		51,936,004.42	97.74%	1,198,395.00
B3-111	Planning, reporting and audits	1,144,957.56	1,088,792.43	95.09%		1,088,792.43	100.00%	-
B3-112	Knowledge Triangle Integration	68,320.15	56,134.41	82.16%		46,015.41	81.97%	10,119.00
B3-114	New KICs	166,555.79	144,230.04	86.60%		144,230.04	100.00%	-
	Total	1,379,833.50	1,289,156.88	93.43%		1,279,037.88	99.22%	10,119.00
B3-202	Communications and dissemination	1,693,050.86	1,464,398.66	86.49%		154,035.53	10.52%	1,310,363.13
B3-203	Alumni	174,202.59	109,442.48	62.82%		102,802.48	93.93%	6,640.00
B3-204	Stakeholder relations	367,055.70	326,616.11	88.98%		326,616.11	100.00%	-
B3-205	Awards	116,747.80	105,561.07	90.42%		105,561.07	100.00%	-

	Total	1,867,253.45	1,573,841.14	84.29%		256,838.01	16.32%	1,317,003.13
B3-301	EIT-KIC relations	30,000.00	30,000.00	100.00%		21,515.00	71.72%	8,485.00
B3-303	Monitoring and evaluation	92,443.14	63,979.24	69.21%		63,979.24	100.00%	-
	Total	122,443.14	93,979.24	76.75%		85,494.24	90.97%	8,485.00
TOTAL		76,515,904.77	56,091,376.68	73.31%		53,557,374.55	95.48%	2,534,002.13

** The outstanding commitments on operational budget lines, namely on Title 3 budget lines are paid from payment appropriations adopted by the EIT Governing Board for the financial year in line with Article 14 of the EIT Financial Regulation. (C1)*

Carryover of assigned revenue appropriations from 2017 to 2018 (C5)

In 2018, no payment appropriation from an assigned revenue was carried over to 2018.

A.3.5 RAL situation at the end of the financial year

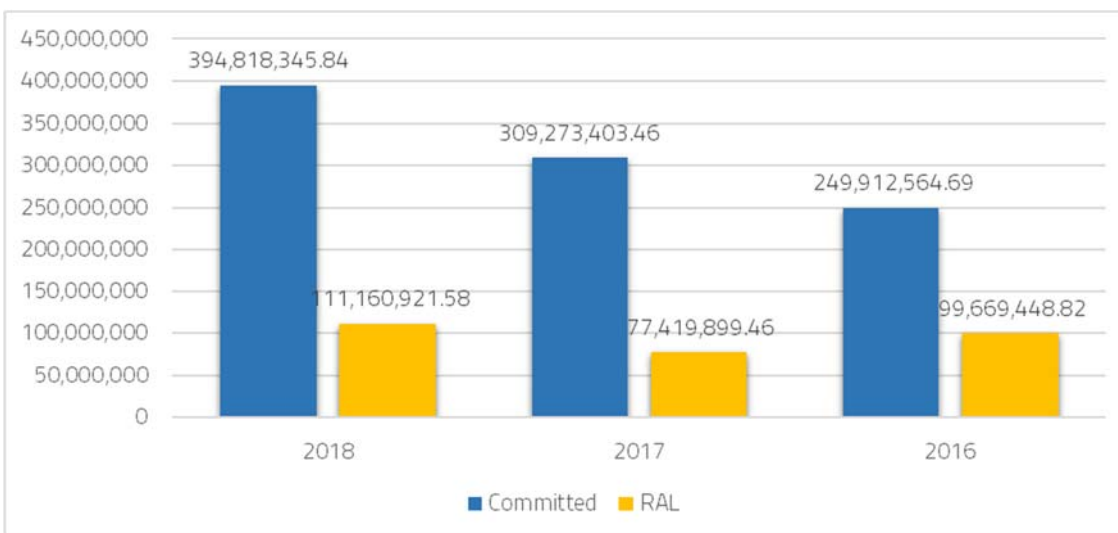
RAL volumes vary considerably. This is a consequence of the time lag between commitment and payment rather than a problem specifically related to a particular EIT activity. The amount of outstanding commitments as of 31 December 2018 was EUR 111.2 million, which represents an increase of 43.6% compared to 2017. A breakdown elaborating on the outstanding commitments is provided in the table here-below.

Table 10 – Evolution of RAL, EUR

Budget Title	2018	2017	2016	Change from 2017 to 2018	Change from 2017 to 2018, %
1 Staff expenditure	438,508.03	168,172.75	195,744.78	270,335.28	160.7%
2 Infrastructure and operating expenditure	295,179.64	252,018.44	393,105.69	43,161.20	17.1%
3 Operational expenditure	110,427,233.91	76,999,708.27	99,080,598.35	33,427,525.64	43.4%
TOTAL	111,160,921.58	77,419,899.46	99,669,448.82	33,741,022.12	43.6%

The high amount of RAL is the result of the budget increase for KIC grants. Due to the nature of these grants, and the fact that payment of final balance (an average of 30% of the grant amount) is executed in year N+1, the amount of RAL is, and will always remain, very high.

Chart 3 – Comparison of committed and RAL amounts for financial years 2016, 2017 and 2018, EUR



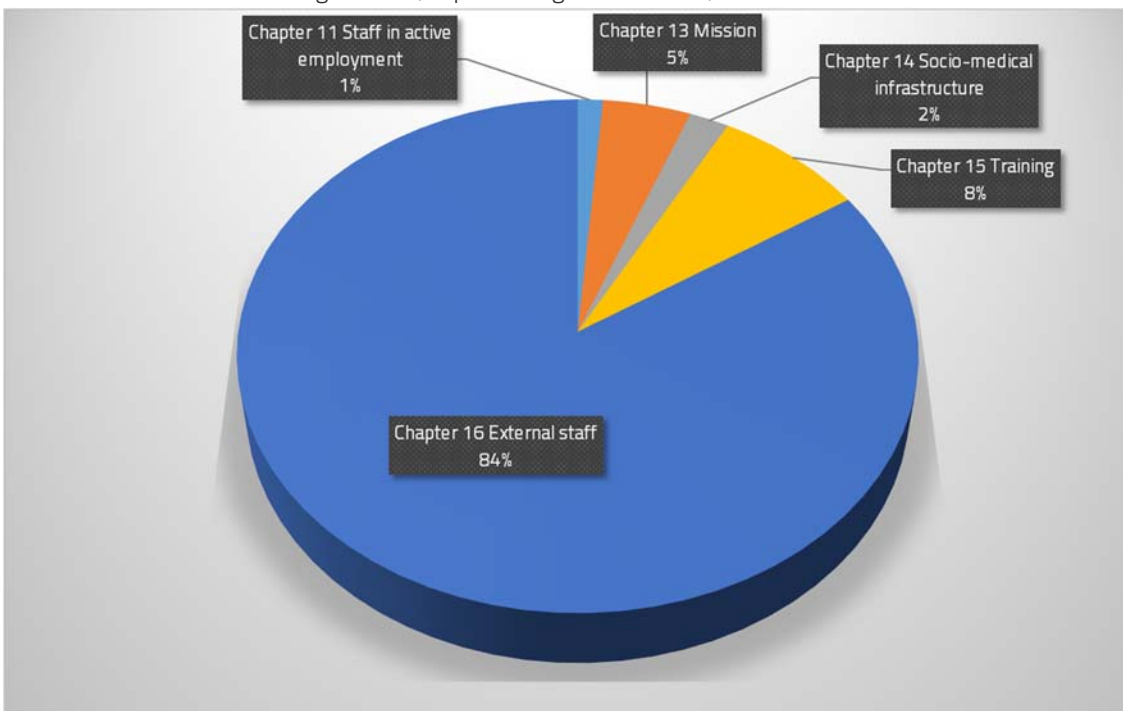
In 2018, the highest share of outstanding commitments for Title 1 concerned agency staff and on-site IT support (81.7%, EUR 358,400.32) owing to several contracts that implementation will be completed in 2019.

Table 11 – RAL on Title 1 budget lines in EUR

Budget line	Budget Item Description	RAL, EUR
A-1130	Schooling	12,685.00
		12,685.00
A-1200	Recruitment expenses	5,577.99
	Total	5,577.99
A-1300	Mission expenses	19,535.65
	Total	19,535.65
A-1401	Medical expense	1,080.59
A-1402	Childhood centre	7,721.72
	Total	8,802.31
A-1500	Training	33,507.00
	Total	33,507.00

A-1600	Agency staff	194,309.31
a-1602	Trainees	10,954.41
A-1603	IT support	135,275.00
A-1604	Administrative Assistance	17,861.60
	Total	358,400.32
	TOTAL - Title 1	438,508.27

Chart 4 – RAL on Title 1 budget lines (as percentage of the total)



Building related expenses (48.4%, EUR 142,774.17) and Information and communication technology expenditure (33.3%, EUR 98,231.08) represents the highest share of outstanding commitments on Title 2 budget lines.

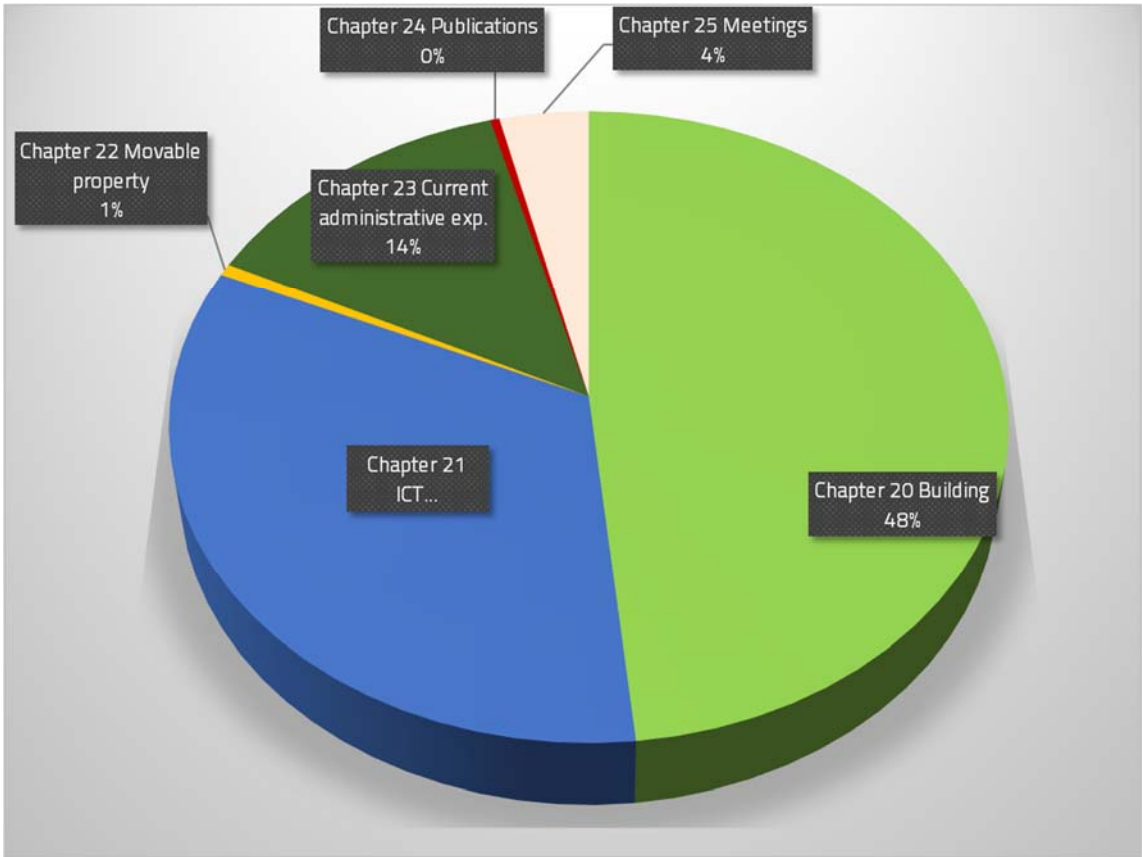
Fitting out works of the EIT Liaison office in Brussels have not been finished in 2018, which contributed to the increase of RAL.

The EIT concluded a contract for hardware acquisition that has not been submitted in 2018. In addition, EIT concluded a contract for IT support under its new Framework contract at the end of the year for covering the first quarter of 2019.

Table 12 – Outstanding commitments on Title 2 budget lines, EUR

Budget line	Budget Item Description	RAL, EUR
A-2000	Renting	28,386.69
A-2003	Water, gas, electricity, heating	8,574.81
A-2004	Cleaning Maintenance	26,809.83
A-2005	Security and surveillance	19,274.35
A-2006	Fitting out of premises	59,728.49
	Total	142,774.17
A-2100	ICT equipment acquisition	48,007.76
A-2101	Maintenance ICT	50,223.32
	Total	98,231.08
A-2212	Transport cost	1,778.22
	Total	1,778.22
A-2300	Stationery	114.00
A-2301	Postage and delivery	816.86
A-2302	Telecommunication	9,571.26
A-2303	Legal expenses and damages	29,655.00
	Total	40,157.12
A-2400	Official Journal	1,130.52
	Total	1,130.52
A-2500	Organisation of Governing Board meetings	11,108.53
	Total	11,108.53
	TOTAL - Title 2	295,179.64
TOTAL - Title 1 and Title 2		733,687.91

Chart 5 – Outstanding commitments on Title 2 budget lines (as percentage of the total)



The outstanding commitments under Title 3 budget lines, are equal to EUR 73.1 million out of the total of EUR 77.0 million, and are related to the KIC grants, which represent 95.0% of the RAL on Title 3 and 94.5% of the overall RAL at the end of 2017. Due to the nature of the grants, namely - the payment of the final balance (an average of 30% of the grant amount) is executed in year N+1, the amount of RAL is and will be always very high.

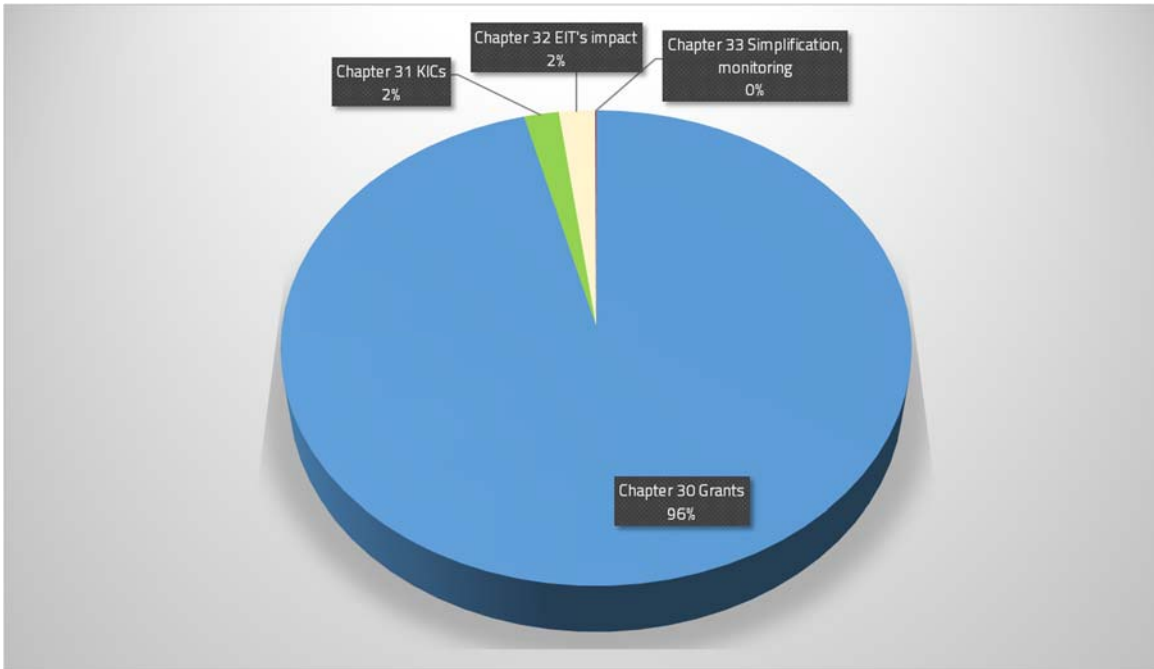
The outstanding amounts for Planning, reporting and audits concern mainly the cost of ex-post audit of cost reports related to 2016 KIC grant agreement and the cost of certificate of financial statements.

The high rate of RAL for communication and dissemination covers a contract concluded for the 2017 EIT Communications Campaign covering the entire year 2017 and a contract for revising the EIT Communications Strategy.

Table 13 – Outstanding commitments on Title 3 budget lines, EUR

Budget line	Budget Item Description	RAL, EUR
B3-000	KIC Grants	105,966,266.61
	Total	105,966,266.61
B3-111	Planning, reporting and audits	1,713,539.92
B3-112	Knowledge Triangle Integration	272,880.62
B3-114	New KICs	175,678.04
	Total	2,162,098.58
B3-201	Strategic innovation agenda	11,168.00
B3-202	Communications and dissemination	1,503,322.91
B3-203	Alumni	154,005.24
B3-204	Stakeholder relations	577,135.28
	Total	2,245,631.43
B3-301	EIT-KIC relations	48,485.00
B3-303	Monitoring and evaluation	4,729.58
	Total	53,214.58
	TOTAL - Title 3	110,427,211.20

Chart 6 – Outstanding commitments on Title 3 budget lines, %



A.3.6 Appropriations carried over/re-entered from 2018 on decision

Automatic carryover of appropriations, corresponding to obligations duly contracted

Pursuant to Article 14(5) of the EIT Financial Regulation, non-differentiated appropriations, corresponding to obligations duly contracted at the close of the financial year, must be carried over automatically to the following year. 10.7% of the non-differentiated appropriations, namely the administrative appropriations carried over from 2018 to 2019, which represents an adequate level of carry over, taking into account the nature of these expenses. 28.5% of differentiated appropriations (operational expenses) carried over from 2018 owing to particularly KIC grants to be paid in 2019. Please refer details under chapter 4.5.

Appropriations carried over from 2018 to 2019 or re-entered

Commitment appropriations amounting to EUR 34.3 million has not been committed at the end of the financial year, out of which 33.7 million will be re-entered in 2021 to cover KIC grants.

Table 14 – Commitment appropriations cancelled in 2018, EUR

Budget Title	cancelled, EUR	carried over, EUR	re-entered in 2019, EUR	re-entered in 2020, EUR	re-entered in 2021, EUR
1 Staff expenditure	268,362.30	0.00	0.00	0.00	0.00
2 Infrastructure and operating expenditure	216,775.25	25,000.00	0.00	0.00	0.00
3 Operational expenditure	33,778,034.92	95,455.31	0.00	0.00	33,682,579.61
TOTAL	34,263,172.47	120,455.31	0.00	0.00	33,682,579.61

At the end of the year 2018, the amount of cancelled payment appropriations amounted to EUR 7.7 million, out of which EUR 0.8 million is carried over and the remaining of EUR 6.9 million re-entered in 2019.

Table 15 – Payment appropriations cancelled in 2018, EUR

Budget Title	cancelled, EUR	carried over, EUR	re-entered in 2019, EUR	re-entered in 2020, EUR	re-entered in 2021, EUR
1 Staff expenditure	706,870.33	438,508.03	268,362.30	0.00	0.00
2 Infrastructure and operating expenditure	513,847.69	322,072.44	191,775.25	0.00	0.00
3 Operational expenditure	6,485,977.78	95,455.31	6,390,522.47	0.00	0.00
TOTAL	7,706,695.80	856,035.78	6,850,660.02	0.00	0.00

Appropriations from assigned revenue carried over from 2017 to 2018 (C4)

Pursuant to Article 15 of the EIT Financial Regulation, unused appropriations from assigned revenue must be carried over for one year only. At the end of 2018, an amount of EUR 97,348.11 for appropriations from assigned revenue related to recoveries from KICs and other administrative expense had not been consumed; therefore, the entire amount was automatically carried over to 2019.

Table 16 – Automatic carry-over of commitment appropriations from assigned revenue, EUR (C4)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L (2-4)
A-2100	ICT equipment acquisition	1,112.14		0,00 %	1,112.14		0.00%	
A-2220	Acquisition of furniture	780.66		0,00 %	780.66		0.00%	
	<i>Subtotal</i>	<i>1,892.80</i>		<i>0,00 %</i>	<i>1,892.80</i>		<i>0.00%</i>	
B3-000	KIC Grants	95,455.31		0,00 %	95,455.31		0.00%	
	Total	97,348.11	-	0,00 %	97,348.11	-	0.00%	0,00

Part B – Detailed overview of the implementation of the budget 2018

B.1 Revenue

The EIT budget is financed by an EU subsidy and other revenue.

In 2018, the EU subsidy to the EIT including the EFTA and third party (H2020) contribution amounted to EUR 345.2 million (98.8%), and EUR 4.3 million (1.2%) corresponded to other revenue.

In 2018, other revenue comprised

- repayments of KIC grants following ex-post audits,
- surplus for 2017 and
- other revenue from administrative operations.

Surplus of EUR 2.6 million out of EUR 4.2 million was re-entered in 2018, which was fully consumed. The remaining amount will be used in 2019 in accordance with Article 14 of the EIT decision.

Table 17 – Revenue collected in 2018

Income line	Income line header	Income appropriation, EUR	Entitlements established, EUR (1)	Revenue received, EUR	Outstanding amounts, EUR
200	European Union subsidy	312,886,716.00	312,886,716.00	312,886,716.00	0.00
300	Contributions by the EFTA member states	7,290,260.00	7,290,260.00	7,290,260.00	0.00
310	Contributions by third countries	25,000,000.00	25,000,000.00	25,000,000.00	0.00
570	Revenue arising from repayment of amounts wrongly paid	780.66	780.66	780.66	0.00
590	Other revenue from administrative operations	20,558.11	20,558.11	20,558.11	0.00
600	Surplus, balances	4,211,409.52		0.00	0.00
701	Repayment of KICs grants incurred as a result of an ex-post audit (assigned revenue)	95,744.05	95,744.05	95,455.31	288.74
	TOTAL	349,505,468.34	345,294,058.82	345,293,770.08	288.74

Implementation of internal assigned revenue (IC4)

In 2018, EIT received EUR 95,455.31 arising from the repayment of grants as a result of an ex-post audit of final cost reports related to the 2016 grant agreements. In addition, an amount of EUR 19,734.71 was recovered related to administrative expense.

Table 18 – Internal assigned revenue collected in 2018

Income line	Income line header	Income appropriation, EUR	Entitlements established, EUR	Revenue received, EUR	Outstanding amounts, EUR
570	Revenue arising from repayment of amounts wrongly paid	780.66	780.66	780.66	0.00
590	Other revenue from administrative operations	19,734.71	19,734.71	19,734.71	0.00
701	Repayment of KICs grants incurred as a result of an ex-post audit	95,744.05	95,744.05	95,455.31	288.74
	TOTAL	116,259.42	116,259.42	115,970.68	288.74

Table 19 – Repayment of grants following ex-post audits, EUR

Name of the KIC	Recovered amount, EUR
KIC INNOENERGY SE	22,867.80
EIT RAW MATERIALS GMBH	30,802.28
EIT HEALTH EV	41,785.23
CLIMATE KIC	288.74
TOTAL	95,744.05

Outstanding debit notes

At the end of the financial year there was one debit note of EUR 288.74 related to repayment of grants by Climate KIC.

B.2 Expenditure

B.2.1 Title 1 — Staff expenditure

Chapter 11 - Staff in active employment

Appropriations on salary budget lines were adjusted to reflect the actual financial need of the filled and to be filled posts until the end of the financial year. Execution on this chapter is considered high.

Table 21 – Execution of Chapter 11 – Staff in active employment

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1100	Basic salaries including weightings	C1	2,375,000.00	2,304,066.19	97.01 %	2,375,000.00	2,304,066.19	97.01 %
A-1101	Allowances	C1	795,000.00	784,298.66	98.65 %	795,000.00	784,298.66	98.65 %
A-1102	Employers charges	C1	125,000.00	125,000.00	100.00 %	125,000.00	125,000.00	100.00 %
A-1110	Remuneration and allowances of contract agents	C1	906,000.00	853,740.84	94.23 %	906,000.00	853,740.84	94.23 %
A-1121	Entitlements related to entering the service	C1	147,000.00	147,000.00	100.00 %	147,000.00	147,000.00	100.00 %
A-1130	Schooling	C1	300,000.00	300,000.00	100.00 %	300,000.00	287,315.24	95.77 %
TOTAL		C1	4,648,000.00	4,514,105.69	97.12%	4,648,000.00	4,501,420.93	96.85%

Chapter 12 - Recruitment expenses

The low payment implementation rate of the recruitment budget is a result of the nature of expenses under this budget. Not all claims for reimbursement of travel of expenses falling in this category of expense were received before the end of the financial year.

Table 22 – Execution of Chapter 12 Recruitment expenses

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1200	Recruitment expenses	C1	36,000.00	35,470.63	98.53 %	36,000.00	29,892.64	83.04 %

Chapter 13 – Mission expenses

Budget item A-1300 was also modified as to reflect the actual financial needs related to missions of staff, which on its turn that resulted in a commitment implementation rate of 100%. The lower execution rate for payments is due to the fact that several missions took place in December 2018.

Table 23 – Execution of Chapter 13 Mission expenses

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1300	Mission expenses	C1	295,000.00	295,000.00	100.00 %	295,000.00	275,464.35	93.38 %

Chapter 14 - Socio-medical infrastructure

The last social event for staff members (budget item 1430) was organised in December 2018, which affected the execution rate of payment appropriations. In 2018 EIT continued contributing to the establishment of sport clubs and sport events that, despite the small amount allocated to these categories, still has an impact on the budget execution. The delay in concluding the framework contract for medical services resulted in lower execution rate. Due to its nature, kindergarten expense is hard to pre-estimate, which also contributes to the lower implementation of the related budget.

Table 24 – Execution of Chapter 14 Socio-medical infrastructure

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1400	Restaurants and canteens	C1	1,100.00	1,063.85	96.71 %	1,100.00	1,063.85	96.71 %
A-1401	Medical expenses	C1	20,000.00	15,405.08	77.03 %	20,000.00	14,324.49	71.62 %
A-1402	Early childhood centre and approved day nurseries	C1	80,000.00	53,270.78	66.59 %	80,000.00	45,549.06	56.94 %
A-1403	Social contacts among staff members	C1	8,000.00	5,954.83	74.44 %	8,000.00	5,954.83	74.44 %
A-1404	Other social expenses	C1	4,200.00	2,272.06	54.10 %	4,200.00	2,272.06	54.10 %
TOTAL		C1	113,300.00	77,966.60	68.81%	113,300.00	69,164.29	61.05%

Chapter 15 - Training

The low execution rate of payments against commitment (56.6%) is owing to the payment method set out in the Service Level Agreements (SLA) concluded with the European Commission for training. According to the SLA, the

request for final payment must be submitted to the EIT in N+1. In addition, some training was arranged to take place at the beginning of the following financial year.

Table 25 – Execution of Chapter 15 Training

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1500	Training	C1	90,000.00	84,398.87	93.78 %	90,000.00	50,891.87	56.55 %

Chapter 16 - External staff and linguistic support

Contract with interim agents, trainees as well as for on-site IT support went beyond the financial year, which effected the execution rate of payments.

The execution rate of payments against commitments for budget item 1604 'administrative assistance' arises from the fact that DG BUDG issued a payment of providing accounting services proportionate.

Table 26 – Execution of Chapter 16 External staff and linguistic support

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1600	Agency staff	C1	320,000.00	310,598.65	97.06 %	320,000.00	116,289.34	36.34 %
A-1601	Seconded National Expert	C1	81,000.00	78,113.60	96.44 %	81,000.00	78,113.60	96.44 %
A-1602	Trainees	C1	53,000.00	31,990.33	60.36 %	53,000.00	21,035.92	39.69 %
A-1603	IT support	C1	141,300.00	140,762.00	99.62 %	141,300.00	5,487.00	3.88 %
A-1604	Administrative assistance	C1	164,000.00	110,515.10	67.39 %	164,000.00	92,653.50	56.50 %
A-1611	Translation	C1	45,000.00	41,015.75	91.15 %	45,000.00	41,015.75	91.15 %
TOTAL		C1	804,300.00	712,995.43	88.65%	804,300.00	354,595.11	44.09%

Chapter 17 - Representation

Due to the nature of representation expense, it is difficult to estimate the final funds required.

Table 27 – Execution of Chapter 17 Representation

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-1700	Representation expenses	C1	3,900.00	2,200.48	56.42 %	3,900.00	2,200.48	56.42 %

B.2.2 Title 2 —Infrastructure and operating expenditure

Chapter 20 - Building and associated costs

EIT concluded two rental agreements for office space in Budapest and in Brussels in 2018 required to accommodate additional staff in both locations, as well as support EIT's presence in the EIT house in Brussels. The rental period of both premises started at the end of the year, which affected the payment execution.

In 2018 EIT started negotiations with an insurance company but could not finalise the procurement process before the year-end, which also caused some deviations from the initial planning.

In accordance with the Host Agreement concluded between EIT and Hungary, the Hungarian Government rents the office space and covers the associated utility costs except for water and electricity. The landlord submits its final invoice for utilities to the Hungarian Government a year after the actual expense has been incurred, and only then it is invoiced to the EIT. For that reason, the whole committed amount needs to be carried over to the following financial year.

Contract with the new cleaning company was concluded in the second half of the year, for which expenses must be paid in the following year too.

Under budget item 2005 'Security' EIT has concluded a contract for an upgrade of the CCTV system, that is planned to take place in the first half of 2019, thus the payment will be efficiently made in 2019 only.

Fitting out works of the new Brussels office were not completed before the end of the financial year, which resulted in lower payment execution.

Table 28 – Execution of Chapter 20 Building and associated costs

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-2000	Renting	C1	64,100.00	64,045.00	99.91 %	64,100.00	35,658.31	55.63 %
A-2002	Building insurance	C1	1,500.00	0.00	0.00 %	1,500.00	0.00	0.00 %
A-2003	Water gas electricity and heating	C1	15,000.00	15,000.00	100.00 %	15,000.00	6,425.19	42.83 %
A-2004	Cleaning and maintenance	C1	47,500.00	44,971.85	94.68 %	47,500.00	18,162.02	38.24 %
A-2005	Security and surveillance	C1	27,300.00	22,396.29	82.04 %	27,300.00	3,121.94	11.44 %
A-2006	Fitting out of premises	C1	78,500.00	61,609.87	78.48 %	78,500.00	1,881.38	2.40 %
A-2009	Other building expenditure	C1	5,000.00	115.07	2.30 %	5,000.00	115.07	2.30 %
TOTAL		C1	238,900.00	208,138.08	87.12%	238,900.00	65,363.91	27.36%

Chapter 21 - Information and communication technology

The EIT concluded contract for leasing of printers, where the execution of the contracts expands beyond the end of the financial year. In addition, the ordered hardware (laptops, monitor screens, etc.) was not delivered in 2018, and that has resulted in a lower payment execution rate.

EIT concluded for L2 IT support at the end of the year, where the implementation of the contract will be finalised in 2019 thus affecting the execution of the payment appropriations. (A-2101)

Table 29 – Execution of Chapter 21 Information and Communication Technology

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-2100	Acquisition renting of equipments and software	C1	213,037.86	202,821.09	95.20 %	213,037.86	154,813.33	72.67 %
		C4	1,112.14	0.00	0.00 %	1,112.14	0.00	0.00 %
A-2101	Maintenance and repair of equipments	C1	212,550.00	212,550.00	100.00 %	212,550.00	162,326.68	76.37 %
TOTAL		C1	426,700.00	415,371.09	97.34%	426,700.00	317,140.01	74.32%

Chapter 22 - Movable property and associated costs

Due to the nature of transport expenses (namely the requests from staff for public transport cost reimbursement), it is difficult to pre-estimate the exact funds required.

EIT could not complete the procurement procedure for purchasing of office furniture for the EIT office placed in Brussels, which resulted in a low implementation rate on budget item 2220.

Table 30 – Execution of Chapter 22 Movable property and associated costs

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-2200	Acquisition general, technical equipment	C1	350.00	283.39	80.97 %	350.00	283.39	80.97 %
A-2212	Transport cost	C1	10,000.00	8,707.21	87.07 %	10,000.00	6,928.99	69.29 %
A-2220	Acquisition of furniture	C1	21,319.34	11,003.12	51.61 %	21,319.34	11,003.12	51.61 %
		C4	780.66	0.00	0.00 %	780.66	0.00	0.00 %
TOTAL		C1	32,450.00	19,993.72	61.61%	32,450.00	18,215.50	56.13%

Chapter 23 - Current administrative expenditure

Due to the nature of certain expenses, such as telecommunication charges, legal expense, handling and moving expense, bank charges and other administrative expense (budget item 2309), which do not fit into any budget line, it is difficult to pre-estimate the exact budget required.

Table 31 – Execution of Chapter 23 Current administrative expenditure

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-2300	Stationery and office supplies	C1	12,350.00	11,238.67	91.00 %	12,350.00	11,124.67	90.08 %
A-2301	Postage and delivery charges	C1	5,000.00	5,000.00	100.00 %	5,000.00	4,183.14	83.66 %
A-2302	Telecommunication charges	C1	36,000.00	32,557.77	90.44 %	36,000.00	22,986.51	63.85 %
A-2303	Legal expenses and damages	C1	118,500.00	118,500.00	100.00 %	118,500.00	88,845.00	74.97 %
A-2304	Handling and moving	C1	2,000.00	1,597.47	79.87 %	2,000.00	1,597.47	79.87 %
A-2305	Bank charges	C1	50,000.00	41,131.95	82.26 %	50,000.00	41,131.95	82.26 %
A-2306	Honoraria for Governing Board Members	C1	197,000.00	184,000.00	93.40 %	197,000.00	184,000.00	93.40 %
A-2309	Other administrative expenses	C1	500.00	85.00	17.00 %	500.00	85.00	17.00 %
TOTAL		C1	421,350.00	394,110.86	93.54%	421,350.00	353,953.74	84.00%

Chapter 24 - Publications, information, studies and surveys

The cost of publication in the Official Journal was lower than expected. No payment is due as per the payment method set out in the Service Level Agreements (SLA) concluded with the Publication office. According to this SLA, the request for final payment must be submitted to the EIT in N+1.

Table 32 – Execution of Chapter 24 Publication, information, studies and surveys

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-2400	Official Journal	C1	2,000.00	1,130.52	56.53 %	2,000.00	0.00	0.00 %

Chapter 25 - Meeting expenses

In the second half of the year EIT has implemented a more cost effective way of organising EIT Governing Board meetings that resulted in substantial savings. At the same time, the projected expenses related to internal meetings were slightly overestimated. These two factors in combination respectively lowered the execution rate.

Table 33 – Execution of Chapter 25 Meeting expenses

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
A-2500	Organisation and travel expenses of Governing Board meetings	C1	250,000.00	114,671.75	45.87 %	250,000.00	103,563.22	41.43 %
A-2520	Internal meetings	C1	3,000.00	2,315.93	77.20 %	3,000.00	2,315.93	77.20 %

B.2.3 Title 3 — Operational expenditure

Chapter - 30 Grants

The implementation rate of commitment appropriations for 2018 grants stands at 92.06% owing to the revision exercise performed by the KICs during the implementation of the annual Business Plans, which resulted in a decrease of requested EIT contribution. Due to the nature of KIC grant activities, it is difficult to estimate their

final funds required. Therefore EIT has been granted a derogation to the Financial Regulation that allows re-entering of unused appropriations.

Table 34 – Execution of Chapter 30 Grants

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
B3-000	KIC Grants	C1	417,109,152.80	384,074,277.59	92.08 %	332,626,483.51	328,648,795.30	98.80 %
		C2				2,593,615.10	2,593,615.10	100.00 %
		C3						
		C4	95,455.31	0.00	0.00 %	95,455.31	0.00	0.00 %
			417,204,608.11	384,074,277.59		335,315,553.92	331,242,410.40	

Chapter 31 - Knowledge and Innovation Communities

The cost of the external experts to support the assessment of KIC business plans and reporting as well the cost of ex-post audit and expense related to EIT grant management platform and BI platform were over-estimated, which effected commitment appropriations (budget item 3111). The implementation of the contracts for ex-post and CFS audits will end in 2019 that resulted a low implementation of payment appropriations.

The execution rate for budget item 3112 'Knowledge Triangle Integration' was significantly low (78.0%) owing to that less activities have been implemented in the field of women leadership and entrepreneurship activities, the EU Skills for future initiative as well as of new EIT label programme.

The final cost of experts assessing EIT's 2018 call for KICs proposal was lower than expected. (budget item 3114)

Table 35 – Execution of Chapter 31 Knowledge and Innovation Communities

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
B3-111	Planning, reporting and audits	C1	2,436,903.00	2,141,381.43	87.87 %	2,169,260.00	1,516,633.94	69.91 %
B3-112	Knowledge Triangle Integration	C1	417,300.00	325,421.40	77.98 %	300,000.00	108,675.19	36.23 %
B3-114	New KICs	C1	240,000.00	166,766.05	69.49 %	316,000.00	135,318.05	42.82 %
TOTAL		C1	3,094,203.00	2,633,568.88	85.11 %	2,785,260.00	1,760,627.18	63.21 %

Chapter 32 – EIT's IMPACT

The commitment execution rate for budget item 3202 was significantly low (63.8%) owing to a change in timeline for the preparation of the EIT 2019 Integrated Communications Campaign.

Low payment execution rate on almost all budget lines relates to contracts concluded either at the end of the year or at where the claim or invoice have not been submitted in the financial year.

Table 36 – Execution of Chapter 32 EIT's impact

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
B3-201	Strategic Innovation Agenda	C1	12,000.00	11,926.74	99.39 %	12,000.00	758.74	6.32 %
B3-202	Communications and Dissemination	C1	363,700.00	231,984.68	63.78 %	1,125,000.00	193,060.43	17.16 %
B3-203	Alumni	C1	168,000.00	153,127.07	91.15 %	200,200.00	108,541.60	54.22 %
B3-204	Stakeholder relations	C1	664,000.00	638,163.21	96.11 %	658,760.00	387,644.04	58.84 %
B3-205	Awards	C1	140,000.00	140,000.00	100.00 %	256,000.00	245,561.07	95.92 %
TOTAL		C1	1,347,700.00	1,175,201.70	87.20%	2,251,960.00	935,565.88	41.54%

Chapter 33 – SIMPLIFICATION, MONITORING AND EVALUATION

Very low execution of commitment appropriations on budget line 3303 relates to postponing the revision of the EIT monitoring strategy.

Very low payment implementation rate on budget item 3301 EIT-KIC relations relates to expert contracts concluded for supporting EIT in the development of its growth and impact fund which is still continue in 2019.

Table 37 – Execution of Chapter 33 Simplification, monitoring and evaluation

Official Budget Item	Heading	Fund Source	Commitment appropriation, EUR	Commitments made EUR	% Committed	Payment appropriation, EUR	Payments made, EUR	% Paid
B3-301	EIT-KIC relations	C1	40,000.00	40,000.00	100.00 %	70,000.00	21,515.00	30.74 %
B3-303	Monitoring and evaluation	C1	32,000.00	17,428.02	54.46 %	100,000.00	76,677.68	76.68 %
TOTAL		C1	72,000.00	57,428.02	79.76%	170,000.00	98,192.68	57.76%