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COMMISSION OF THE EUROPEAN COMMUNITIES

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**ANNEXES TO THE  
PROGRESS REPORT AS AT 31 MARCH 2008 ON THE MODERNISATION OF THE  
ACCOUNTING SYSTEM OF THE EUROPEAN COMMISSION**

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## **ANNEX I: IT DEVELOPMENTS**

### **1. ABAC upgrades**

During the period April 2007 – March 2008, three releases of ABAC Workflow and associated modules were brought into production. The main objectives of these releases can be summarised as: enhancing functionalities supporting the execution of the budget and the management of the general accounts; implementation of support for the Financial Regulation as amended in 2007; and the gradual recasting of the technical foundations on which ABAC is built.

The enhanced functionalities are focussed on improving the quality of financial data through active cross-checking of information. Examples include the accounting entries for assets, the checks on clearing of pre-financings, the linking of invoices as soon as possible to budgetary commitments and a review of the guarantees management. Further enhancements were also implemented in the area of Imprest account management in Commission Delegations, and a tool encouraging services to share information on planned or executed audits of beneficiaries of Community funds. The preparatory work for collecting more complete information on recoveries and claw-backs was completed, thus enabling the Commission to report fully on these in the 2008 accounts.

The most important aspect of the new Financial Regulation impacting the Central Financial System consists in offering adequate IT support for the automatic payment of interest in the case of late payment, plus the associated management of the payment deadlines. Technical improvements were also made. In the light of the migration to BCS, management of appropriations is now available from within a web browser, thus completing the migration of all major functionalities to a secured web environment. In addition, the system was enriched in order to better support the integration of the Committees, and Agencies joining ABAC, whilst ensuring segregation of their data.

- **ABAC Assets**

The Commission is restricting investment in ABAC Assets to essential maintenance and minor improvements (notably for the EU Delegations). The gradual phasing-out of ABAC Assets will be timed to coincide with the deployment of its successor, ABAC SAM.

- **ABAC Contracts**

For ABAC Contracts, preliminary work is being undertaken to assess the feasibility of integrating its functionalities into the ABAC corporate system, profiting from the experience gained by Directorate-General JLS when introducing SAP Grantor.

In the meantime, investment in ABAC Contracts is limited to essential maintenance. This includes modifications to render ABAC Contracts compliant with the Financial Regulation as amended in 2007, enhancements in contract management in the Delegations and the Agencies, and the preparation for the recording of the co-contractors for the DGs of the Research family.

All potential participants in Research contracts are now being integrated in the Commission's Legal Entity File. This allows for the registering in ABAC Contract and in ABAC WF of all contracts and commitments related to Research activities under the 7th Framework Programme and, for each of these, not only the entity being selected as "coordinator" for the relevant project (as was the rule up until 2006) but also all the participating "co-contractors".

- **Single Data Warehouse**

It is difficult to synchronise the information in the two present financial data warehouses, and to reconcile this information to the accounts. They are being progressively replaced by a single data warehouse, built on accounting principles, and are scheduled to be closed down in mid-2009.

Developments on this project began in June 2006 using an approach based on phases for each business area. The first two areas to be analysed were Budgetary Execution (Appropriations – Commitments – Payments – SAP/FM) and the corresponding General Accounting aspects (Invoices – SAP/FI).

The Single Data Warehouse went into production, as foreseen, in June 2007 for all DGs and Services, and in July 2007 for the Commission's overseas delegations. Financial data of Agencies and the Committees hosted in ABAC are also accessible in the Data Warehouse, with appropriate security restrictions.

Following further progress, the Single Data Warehouse was able to provide DGs and services with an improved set of reports which facilitated the preparation of their respective year-end accounting entries, their annual budgetary reporting, and the financial Annex to the Annual Activity Reports including the General Accounting Tables (Economic Outturn Account, Balance Sheet and Off-Balance Sheet by Profit Centre). The carry-forward of balances to 2008 was also supported by reports issued from the Single Data Warehouse.

Additional functionalities and improvements are still to be gradually added in order to reach full functionality by the end of 2008 (e.g. Payment Time limits and Income). In the meantime, the existing Budgetary Data Warehouse infrastructure will be maintained.

## **2. IT Development Process and Systems architecture**

Improvements in the IT development process are driven by a data modelling methodology supported by dedicated tools. This approach ensures that IT systems are aligned to the operational procedures of the Commission, that all documentation is centralised and up-to-date and that the software engineering is efficient. The modelling of the Income business area has been completed and that of the technical aspects is underway. Early in 2008, the same approach was launched for expenses, and the Supply and Assets Management project follows the same methodology. These investments will support all new developments.

## **3. Budget Control System (BCS)**

The new version of the SAP FM module, BCS, replaced in April 2008 the FBS version used for the central budget management, as it is capable of incorporating the

local budgetary lines required to provide departments with a more detailed system for managing their budgets.

The planned implementation deadline of October 2007 could not be respected. Even though the project was well advanced, tests showed the need for further improvement in the integration of BCS in ABAC, and more time was needed for migration from the current system. The approaching end of the year period increased the risks for the Commission Services, so the implementation of BCS was postponed to the end of April 2008, when the migration took place with no difficulties.

The next phase of the BCS project is suspended until the study on the future architecture of ABAC confirms the way forward as regards implementation of the local lines on a SAP-platform.

#### **4. SAM (Supply and Assets Management)**

As part of its strategy of integration of IT systems, DG BUDG is carefully analysing and developing a fully integrated Supply and Assets Management module to replace the present ABAC Assets. An initial "demo" of the Supply and Assets Management module was presented to DG BUDG and OIB in March 2007, resulting in a decision to proceed to the next stage. A full Proof of Concept analysis and prototyping was presented to DG BUDG, OIB and OIL in July 2007. This resulted in a decision to proceed with the deployment of the new module. The needs of all 12 services managing assets will be integrated into SAM. This work is progressing on schedule, with two offices, OIB and OIL, set to become the first client services to use the new module at the end of 2008.

#### **5. European Development Fund**

The IT platform for the accounts of the European Development Fund, which differ from those of the General Budget, is also being modernised.

This modernisation consists in transferring the workflows for the management of EDF projects from the existing EDF accounting system (OLAS) – which is outdated and not compliant with international accounting standards – to DG AIDCO's local system (CRIS), while migrating the EDF accounts to an accrual-based accounting system in ABAC.

Both ABAC and CRIS are currently being adapted to the specificities of the EDF. This will allow EDF payments to be executed through the system already developed for the General Budget, while enabling DG AIDCO to maintain an adequate and integrated management information system for all its development projects, whether funded by the EDF or by the General Budget.

The ABAC developments needed for the EDF were largely completed and tested by mid-2006, but the implementation of the new IT system (CRIS-ABAC-EDF) has had to be postponed, mainly because of the need for DG AIDCO to complete the developments necessary for CRIS to comply with the accrual accounting rules for the General Budget. Following an agreement reached between DG AIDCO and DG BUDG in October 2007, implementation of the new IT system for the EDF is now planned for January 2009. Both DGs are fully committed to meeting this deadline.

## ANNEX II: HIGH-LEVEL PLANNING

ABAC Phase III			2008												2009												2010											
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>1. Accounting Framework</b>	1/01/2007	31/12/2009	[Gantt chart bars for Accounting Framework]																																			
1.1 DG Budget - Second Generation	1/01/2007	31/12/2009	[Gantt chart bar]																																			
1.1.2 New IPSAS-compliant Accounting Standards	1/04/2008	31/03/2009	[Gantt chart bar]																																			
1.1.3 Accounting Quality	3/09/2007	31/12/2008	[Gantt chart bar]																																			
1.1.4 LEFs & BAFs Re-engineering	1/05/2007	30/01/2009	[Gantt chart bar]																																			
1.1.5 Accounting Issues	1/01/2007	31/12/2009	[Gantt chart bar]																																			
1.1.6 SEPA payments	1/01/2008	31/03/2008	[Gantt chart bar]																																			
<b>1.2 Other</b>	2/07/2007	31/12/2009	[Gantt chart bars for Other]																																			
1.2.1 ABAC Training	1/01/2008	31/12/2008	[Gantt chart bar]																																			
1.2.2 FP7 Co-Contractors	2/07/2007	31/12/2009	[Gantt chart bar]																																			
1.2.3 Management Accounting Reporting	3/12/2007	30/06/2009	[Gantt chart bar]																																			
1.2.4 Cost Accounting in ABAC	1/01/2008	30/06/2009	[Gantt chart bar]																																			
1.2.5 FM/FI reconciliation	3/12/2007	30/09/2008	[Gantt chart bar]																																			
<b>2. Business Intelligence</b>	1/01/2008	31/12/2009	[Gantt chart bars for Business Intelligence]																																			
2.1 Business Intelligence	1/01/2008	31/12/2009	[Gantt chart bar]																																			
2.1.3 Single Financial Data Warehouse	1/01/2008	30/06/2009	[Gantt chart bar]																																			
2.1.4 Data Model / Data Dictionary	1/01/2008	31/12/2009	[Gantt chart bar]																																			
<b>3. Information Services</b>	1/02/2005	30/09/2010	[Gantt chart bars for Information Services]																																			
3.1 Release Management - ABAC Coordination Board	1/11/2007	31/10/2008	[Gantt chart bar]																																			
3.1.1 Winter Release	1/11/2007	28/02/2008	[Gantt chart bar]																																			
3.1.2 Spring Release	1/02/2008	30/04/2008	[Gantt chart bar]																																			
3.1.3 Summer Release	1/05/2008	31/07/2008	[Gantt chart bar]																																			
3.1.4 Autumn Release	1/08/2008	31/10/2008	[Gantt chart bar]																																			
3.2 Infrastructure/Performance	1/01/2008	15/06/2009	[Gantt chart bar]																																			
3.2.1.b Weblogic 10 Upgrade	1/04/2008	15/10/2008	[Gantt chart bar]																																			
3.2.1.c Oracle DWH Upgrade 10	1/04/2008	15/09/2008	[Gantt chart bar]																																			
3.2.1.a SAP Upgrade - ECC 6.0	16/03/2009	15/06/2009	[Gantt chart bar]																																			
3.2.6 Data Warehouse Availability	1/01/2008	15/04/2008	[Gantt chart bar]																																			
3.2.7 Refactoring Interface Asset for WebLogic 10 & Oracle 10	3/03/2008	15/07/2008	[Gantt chart bar]																																			
3.3 Security	1/02/2005	31/08/2009	[Gantt chart bar]																																			
3.3.1 Authorisations - Upgrade Security Policy	1/02/2005	31/08/2009	[Gantt chart bar]																																			
3.3.2 Disaster Recovery Plan	1/01/2008	30/09/2008	[Gantt chart bar]																																			
3.4 Archiving	1/02/2008	30/09/2010	[Gantt chart bar]																																			
3.4.1 Archiving ABAC Workflow	2/11/2009	30/09/2010	[Gantt chart bar]																																			
3.4.2 Archiving FM	1/02/2008	31/10/2008	[Gantt chart bar]																																			
3.5 Income	1/03/2006	31/12/2008	[Gantt chart bar]																																			
3.5.1 Implementation income re-engineering on the web	1/03/2006	31/12/2008	[Gantt chart bar]																																			
3.5.2 Recovery context	1/10/2007	29/02/2008	[Gantt chart bar]																																			
<b>4. Roll-outs &amp; Extensions</b>	27/02/2006	30/07/2010	[Gantt chart bars for Roll-outs & Extensions]																																			
4.1 Roll-outs	1/01/2007	31/08/2009	[Gantt chart bar]																																			
4.1.1 ABAC Roll-out to Agencies and other Institutions	1/01/2007	31/08/2009	[Gantt chart bar]																																			
4.1.2 European Development Fund	3/09/2007	30/01/2009	[Gantt chart bar]																																			
4.2 Extensions	27/02/2006	30/07/2010	[Gantt chart bar]																																			
4.2.1 Contracts II	1/01/2008	31/12/2009	[Gantt chart bar]																																			
4.2.4 Consolidation for Institutions & Agencies	1/04/2008	30/07/2010	[Gantt chart bar]																																			
4.2.5.a Budget Control Systems - Central lines	27/02/2006	31/12/2008	[Gantt chart bar]																																			
4.2.5.b Budget Control Systems - Local lines	1/04/2009	13/11/2009	[Gantt chart bar]																																			
<b>5. Further Integration</b>	3/09/2007	30/09/2009	[Gantt chart bars for Further Integration]																																			
5.1 Architecture Optimisation	3/09/2007	30/09/2009	[Gantt chart bar]																																			
5.1.1 SAM (phase 3)	2/10/2007	3/08/2010	[Gantt chart bar]																																			
5.3 New Architecture	1/01/2008	14/11/2008	[Gantt chart bar]																																			
5.3.1 Single SAP Architecture	1/01/2008	14/11/2008	[Gantt chart bar]																																			