

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 10 May 2012****with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Police College for the financial year 2010**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the European Police College for the financial year 2010,
- having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2010, together with the College's replies ⁽¹⁾,
- having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽²⁾, and in particular Article 185 thereof,
- having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) ⁽³⁾, and in particular Article 16 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002, on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾, and in particular Article 94 thereof,
- having regard to Commission Decision C(2011)4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,
- having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),
- having regard to the external audit commissioned by the European Police College (Contract Ref. No CEPOL/2010/001) on the reimbursement of private expenditure,
- having regard to the final report on the five-year external evaluation of the European Police College (Contract Ref. No CEPOL/CT/2010/002),
- having regard to the Annual Activity Report 2009 of the Directorate-General for Justice, Freedom and Security,
- having regard to the fourth progress report of the European Police College on the implementation of its Multi-annual Action Plan (MAP) for 2010-2014,

⁽¹⁾ OJ C 366, 15.12.2011, p. 134.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 256, 1.10.2005, p. 63.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

- having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,
 - having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the third progress report on the implementation of the European Police College MAP for 2010-2014,
 - having regard to the report and annexes of the European Police College on the implementation of the European Parliament's resolution on '2009 Discharge: European Police College',
 - having regard to the report and annex of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010-1 July 2011,
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A7-0119/2012),
- A. whereas the European Police College ('the College') was set up in 2001 and, with effect from 1 January 2006, was transformed into a Community body within the meaning of Article 185 of the Financial Regulation, thus coming under the provisions of the Framework Financial Regulation for agencies,
- B. whereas the Court of Auditors in its reports on the annual accounts of the College for the financial years 2006, 2007 and 2009, qualified its opinion with regard to the legality and regularity of the underlying transactions on the grounds that the procurement procedures did not comply with the provisions of the Financial Regulation,
- C. whereas the Court of Auditors, in its report on the annual accounts of the College for the financial year 2008, added an emphasis of matter to its opinion on the reliability of the accounts, without expressly qualifying it, and qualified its opinion on the legality and regularity of the underlying transactions,
- D. whereas in its Decision of 7 October 2010 Parliament refused to grant the Director of the College discharge for implementation of the College's budget for the financial year 2008,
- E. whereas in its Decision of 10 May 2011 Parliament decided to postpone its decision on granting the Director of the College discharge in respect of the implementation of its budget for 2009 ⁽¹⁾ and then granted it in its Decision of 25 October 2011 ⁽²⁾,
- F. whereas, for the first time since the College became an agency, the Court of Auditors, in its report on the annual accounts of the College for the financial year 2010, expressed no reservations about the reliability of the accounts and the legality and regularity of the underlying transactions,
- G. whereas in its report on the College's MAP for 2010-2014 the Court of Auditors stated that the College is progressing according to the milestones established in its MAP,
- H. whereas in its note of 4 July 2011 to the Director of the College the IAS stated that, although the description in the progress report on the implementation of the College's MAP remains fairly general, it gives a clear overview of the status of the different milestones and should thereby serve as a satisfactory basis for informing different stakeholders,

⁽¹⁾ OJ L 250, 27.9.2011, p. 260.

⁽²⁾ OJ L 313, 26.11.2011, p. 17.

- I. whereas by Decision C(2011)4680 of 30 June 2011 the Commission granted a derogation to the College from the provisions of Article 74b of Regulation (EC, Euratom) No 2343/2002,
- J. whereas the budget of the College for 2010 was EUR 7 800 000 compared to EUR 8 800 000 in 2009, which represents a decrease of 11,4 %; whereas the contribution of the Union to the budget of the College for 2010 was EUR 7 800 000 ⁽¹⁾,

Budget and Financial Management — General Observations

1. Notes the College's claim that the financial year 2010 was characterised by a lack of sufficient financial resources with a cut of EUR 1 000 000 in the Union contribution to the College's budget; is surprised by this view, particularly in this time of crisis, as good management ensures correct and cost-efficient spending of the budget available and considering that 31,6 % of the College's 2010 budget was carried over to 2011;
2. Acknowledges however from the Commission that in 2009 the total Union contribution to the College amounted to EUR 8 800 000 out of which EUR 7 800 000 was financed from the 2009 budget and that the remaining balance of EUR 1 000 000 was actually financed from the 2007 assigned revenue stemming from the recovery of the College's surplus for the year 2007; notes from the Commission that for 2010 it proposed to reduce the 2010 Union contribution to the College to the level of the 2009 voted appropriations, i.e. EUR 7 800 000 due to the 2008 low budget execution rate; encourages, therefore, the College to introduce a clear distinction between the different components of the Union contribution to the College's budget in its yearly final annual accounts;
3. Takes note from the College's final annual accounts for the financial year 2010 that some deficiencies occurred in the preparation of individual budgets and commitments for courses and seminars which resulted in 2010 appropriations having been committed and paid to cover 2009 expenditure; reminds the College that this is at odds with the principle of annuality; calls on the College to take action in order to avoid a repeat of similar deficiencies in the future;
4. Notes from the College's Annual Activity Report 2010 that 99,56 % of the commitment appropriations have been committed; notes also that 46 % of the payment appropriations have been used but that the final figures for use of Title III (Operational Expenditure) were only due to be available at the end of 2011; takes note that the College's 2010 final annual accounts indicate a rate of spent payment appropriations of 59,12 % in 2010;
5. Acknowledges the measures taken by the new management and governance structure of the College to tackle its deficiencies in response to Parliament's request for action, following the serious irregularities in the implementation of the budget for 2009;
6. Draws attention to the fact that even though the Court of Auditors considered the transactions underlying the College's annual accounts to be legal and regular, it also highlighted that, in respect of expenditure for organising courses and seminars, there was a lack of rigour in the College's process for approving cost claims related to such activities, particularly concerning the completeness of supporting evidence; notes that in the reply from the College, mandatory requirements to submit a fully signed list of participants when submitting financial reports and cost claims were established by Decision 11/2011/GB of the Governing Board of the College of 10 March 2011;
7. Takes note that, in accordance with Decision 11/2011/GB, the rules on reimbursement for the activities of the College have been revised to a large extent and that different measures for the strict implementation of the financial regulations and a rigorously disciplined approach concerning eligible costs, including those on the mandatory reporting, have been clarified;

⁽¹⁾ OJ L 64, 12.3.2010, p. 1047.

8. Deplores the fact that before the adoption of Decision 34/2010/GB of the Governing Board of the College of 29 September 2010, the cut-off dates for reimbursement of costs were not enforced, so that there was no substantial improvement in adhering to these cut-off dates; recalls that exceeding cut-off dates is one of the main factors hindering sound financial management; takes note of the fact that, in accordance with Decision 34/2010/GB, no reimbursement will take place of claims received after the cut-off date; asks the College to keep the discharge authority informed of the implementation of Decision 34/2010/GB;
9. Acknowledges the statement by the College that the Commission cut the College's 2010 budget by EUR 1 000 000 but stresses that the amount allocated for 2010 is the same as for 2009;

Carry-over appropriations

10. Notes from the College's final annual accounts for the financial year 2010 that EUR 2 469 984,20 of the 2010 committed credits, which represents 31,6 % of the College's 2010 budget, were carried forward to 2011; reminds the College that the situation is at odds with the principle of annuality;
11. Regrets that the Court of Auditors does not mention the College's appropriations carried forward in its report on the annual accounts of the College for the financial year 2010;
12. Is concerned that even though the Court of Auditors has been able to obtain reasonable assurances that the annual accounts of the College for the 2010 financial year are, in all material aspects, reliable, the Court of Auditors observed that more than EUR 1 600 000, equivalent to 48 % of the appropriations carried over from 2009, had to be cancelled in 2010; reminds the College that this situation is at odds with the budgetary principle of annuality and can be reduced by better programming and monitoring the implementation of its budget to minimise carry-over of appropriations; calls therefore on the College to take effective action in this respect;
13. Takes, none the less, note of the College's reply which stated that, to avoid a repeat of the situation described by the Court of Auditors, the carry forward of 2010 appropriations was subject to strict criteria to minimise cancellations in 2011;
14. Notes from the College that in 2010 it introduced weekly financial management meetings to improve budgetary implementation and control and that in June 2011, all open commitments were reviewed to better monitor the budget consumption and optimise the 2011 budget implementation; calls therefore on the Court of Auditors and the IAS to assure Parliament on the College's effective improvements on this issue and to indicate that all instruments for programming and monitoring are firmly in place;

Procurement procedures

15. Notes that on 8 June 2010 the College adopted a procurement manual for internal use as requested by Parliament in its discharges to the College for 2008; notes also that this manual entered into force on 1 July 2010 and that a public procurement coordinator has been appointed;

Completeness of the internal recording of mission expenses

16. Calls on the College to inform the discharge authority of the effective implementation of the IAS 'very important' recommendation on the completeness of the internal recording of mission expenses;

The College's activities

17. Notes from the Court of Auditors that expenditure for organising courses and seminars represents a significant part of the College's budget; acknowledges that there was a lack of rigour in the College's process for approving cost claims related to such activities, particularly with regard to the completeness of supporting evidence;

18. Takes, however, note from the College's statement that it has improved reporting and control on its activities and has revised the process for approving cost claims and their supporting evidence, and notably with the:

- establishment of mandatory requirements to submit fully signed participant's lists when submitting financial reports and cost claims,
- revision of the rules for reimbursement of College activities, which have been clarified,
- strict enforcement of the cut-off date after which a reimbursement claim will not be accepted which was introduced on 29 September 2010,
- organisation of a new training course for course managers to further improve the controls on courses as well as the quality of the payment files,
- implementation in 2011 of *ex-post* verifications of the College's courses,
- verification of four 2010 activities in Sweden and six in the United Kingdom, of which one was related to a 2010 activity and five to 2011 activities,

calls on the IAS to provide the discharge authority with a thorough evaluation of these changes introduced by the College;

19. Acknowledges that Commission Decision C(2011)4680 granted consent to the College's request to modify its Financial Regulation by introducing an Article (Article 74c) which includes a derogation from Regulation (EC, Euratom) No 2343/2002 concerning the exclusion for tender for the selection of educational experts in order to use experts from national police training colleges;

Errors in the accounts

20. Calls on the College to update Parliament on the level of implementation of the new 16 Internal Control Standards (ICS) of the Commission which were adopted by the Governing Board (GB) of the College replacing the former ICS;

Appropriations used to finance private expenditure

21. Acknowledges that an external *ex-post* check on appropriations used to finance private expenditure during 2007 and 2008 has been carried out and that the external reviewers considered that no further funds are recoverable in respect of this matter; notes from the College that the Recovery Order requiring the former Director to return the sum of GBP 2 014,94 (EUR 2 196,72) was cashed in December 2011; calls on the College to continue the recovery process until all funds are fully recovered;

The College's MAP for 2010-2014

22. Acknowledges that the IAS assessed the implementation of the College's Multi-annual Plan (MAP) 2010-2014 as was requested by the discharge authority; notes that by the end of September 2010, 19 of the 44 milestones had been completed whereas 18 milestones were on track with regard to the planned timetable and another 7 still await the initial start of implementation;

23. Takes also note of the IAS statement that the description of some items in the MAP lack clarity and that the progress reporting is not always accurate enough to allow a clear understanding of what the individual milestones imply in terms of concrete actions; acknowledges moreover that the IAS identified overlap between some of the milestones which makes it difficult to assess the ultimate overall status of the related actions; acknowledges the College's statement that the MAP was updated in accordance with the IAS recommendations and the improvements incorporated in the third progress report which was approved by the GB on 8 December 2010; calls on the IAS to confirm that the updated progress report on the College's MAP reflects adequately their recommendations;

Internal audit

24. Acknowledges from the IAS that the very important recommendation on the completeness of the internal recording of mission expenses has been reported as implemented by the College and is currently under the IAS review; calls on the College and the IAS to inform the discharge authority of the results of the review;
25. Takes note that the IAS performed an IT risk self-assessment with the objective of identifying and evaluating the key IT risks at the College; notes that the IAS identified the main risks in relation to: IT strategy, e-net system, data management and dependence upon individuals; calls therefore on the College to take appropriate action to address and prevent these risks;
26. Notes that the internal audit function (IAC), advisory body for the GB, did not find any material mistakes in the College's accounts for 2010 in its audit;

Governance and structural deficiencies

27. Underlines that the governance costs of the College are high compared to its activities; welcomes, therefore, the efforts of the College to reduce its governance expenditure at its 25th GB meeting of June 2011, when it was agreed that all GB committees should be abolished by 2012 and that all GB working groups should be critically analysed;
28. Notes, also, from the College that the following measures are being implemented in the area of governance:
 - from 2012, the GB will only meet twice a year while urgent decisions in between meetings are to be taken by written procedure and discussed during web meetings,
 - the GB will focus only on the tasks that have been assigned to it by the College's Founding Decision while the other tasks that previously overloaded the GB are to be taken over by the Director,
 - each Member State is encouraged to send a maximum of two delegates to each GB meeting,
 - the College is to take care of travel arrangements for participants eligible for reimbursement to ensure that the most economical means are used in order to cut out the reimbursement process after the meeting;
29. Awaits with interest the submission by the Commission of the proposal for a change of legal basis for the College, as well as the outcome of the negotiations between Parliament and the Council;
30. Notes moreover that the final report on the five-year external evaluation of the College concluded that there is a case for the College's relocation;
31. Welcomes Decision 24/2011/GB of the Governing Board of the College of 15 June 2011 disbanding existing committees as of 1 January 2012, thus reducing the overlap between different structures; calls on the GB to take drastic decisions concerning the existing working groups; recalls that Article 10(10) of Decision 2005/681/JHA provides that the GB may decide, 'in cases of strict necessity', to establish working groups to make recommendations and to develop and propose any other advisory tasks deemed necessary by the GB;
32. Takes note of the response from the College that its Rules of Procedure were amended to limit the number of regular meetings of the GB to one per presidency and to restrict the size of national delegations, as each Member State is encouraged to send a maximum of two delegates to each meeting;

33. Notes that the discharge in respect of the implementation of the budget of the College should continue to be based on its performance throughout the year;
34. Draws attention to its recommendations from previous discharge reports, as set out in the Annex to this resolution;
35. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 ⁽¹⁾ on the performance, financial management and control of the agencies.

⁽¹⁾ Texts adopted, P7_TA(2012)0164 (see page 388 of this Official Journal).

EUROPEAN PARLIAMENT RECOMMENDATIONS OVER THE PAST YEARS

European Police College	2006	2007	2008	2009
Performance	n.a.	n.a.	n.a.	<ul style="list-style-type: none"> — Is concerned that the Court of Auditors identified severe short comings in the administrative and financial rules governing expenditure on the organisation of courses and seminars, mainly due to the revised College Financial Regulation never entered force — Recommends that the College provide direct access to its detailed budget
Budgetary and financial management	<ul style="list-style-type: none"> — Budget appropriations were not used in accordance with the principle of sound financial management — The system of procurement did not comply with the provisions of the Financial Regulation — The College did not establish the necessary systems and procedures to enable it to prepare a financial report in compliance with the requirements of the framework Financial Regulation applicable to the Agencies — The College's Financial Regulation foresees the need for detailed rules for the implementation of the regulation 	<ul style="list-style-type: none"> — The Agency does not comply with the principle of unity and accuracy of the budget (The budget did not include a contribution of EUR 1 500 000 received from the Commission in 2007 to implement a MEDA programme — The Agency does not comply with the principle of transparency — The high level of carry-overs (EUR 1 700 000) and cancellations of appropriations shows difficulties in budget management — Neither the provisional accounts nor the report on the budgetary and financial management had been prepared — The College's Financial Regulation foresees the need for detailed rules for the implementation of the regulation — The system of procurement did not comply with the provisions of the Financial Regulation — Cases were identified where appropriations were used to finance the private expenditure of some of the College's staff 	<ul style="list-style-type: none"> — The Agency did not comply with the principle of annuality (i.e. more than EUR 2 700 000 of the 2008 payment appropriations had to be carried forward) — Weaknesses in the programming and the monitoring of the implementation of the budget 	<ul style="list-style-type: none"> — More than EUR 3 800 000 of the 2009 appropriations (43 % of total budget) was carried forward to 2010. — 46 % of appropriations carried over from 2008 had to be cancelled, indicates severe and recurrent weaknesses in the programming and monitoring of the implementation of the budget, at odds with the principle of annuality — For 2008, 31 % of budget had to be carried over. — Significant delays and errors in the preparation of the 2009 provisional accounts

European Police College	2006	2007	2008	2009
Procurement procedure	n.a.	n.a.	n.a.	Concern with the persistent lack of compliance with the Financial Regulation with regard to Public Procurement rules. Significant amount of the total college's budget contains irregularities.
Human resources	n.a.	n.a.	n.a.	<ul style="list-style-type: none"> — Several weaknesses with regard to staff selection. — Finds unacceptable: <ul style="list-style-type: none"> — the thresholds that candidates had to meet were generally fixed after the evaluation and ranking of the candidates, — questions for interviews were often prepared after the examination of applications, — the documentation of procedures was inadequate — Is concerned about practices which are not allowed under Staff Regulations of the Officials of the EU or are illegal
Internal audit	n.a.	<ul style="list-style-type: none"> — Absence of internal control standards and ineffective budgetary monitoring — Cases were identified where appropriations were used to finance the private expenditure of some of the College's staff 	<ul style="list-style-type: none"> — The audit of a sample of commitments showed that, in three cases, there was no audit trail to retrace the financial execution — No external control on these cases has been already carried out 	Notes the discharge in respect of the implementation of the budget of the College should be further based on its performance throughout the year