2006 discharge : European Police College CEPOL

2007/2063(DEC) - 15/11/2007

PURPOSE: presentation of the report by the Court of Auditors on the 2006 annual accounts of the European Police College (CEPOL).

CONTENT: the report shows that CEPOL was not able to present a table clearly showing the implementation of its budget for 2006, but rather settled for putting forward an economic outturn account and a financial balance sheet ending 31.12.2006.

Although the Court notes that the annual accounts are reliable in all material respects, it draws CEPOL's attention, nevertheless, to the **ambiguities regarding the presentation of the accounts**. The Court also points out that the underlying transactions of CEPOL's annual accounts are, taken as a whole, legal and regular even though the **procurement procedure is far from satisfactory**.

Analysis of the accounts by the Court: regarding the implementation of the budget for 2006 (CEPOL's first year in operation), the Court indicates that in 2006, 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 Financial Regulation applicable to the Agencies. Moreover, its Financial Regulation must usually be accompanied by detailed rules for its implementation, which was not the case (particularly concerning procurement procedures).

In addition, the Court specifies that CEPOL neither used differentiated appropriations to implement its budget, as provided for by its Financial Regulation, nor drew up budgetary implementation statements. According to the Court, the introduction of commitment appropriations would have helped to improve control over the College's budgetary implementation and ensured that any appropriations which were not used at the close of the financial year could be carried over under strictly defined conditions, in accordance with the Financial Regulation.

As regards the courses and seminars (amounting to EUR 1 296 636 in 2006), although information relating to the events was made available, there was no formal submission and approval of cost estimates prior to the events taking place. Thus, budget appropriations were not used in accordance with the **principle of sound financial management**.

Finally, the system of procurement did **not comply** with the provisions of the Financial Regulation. There was no documentation available to justify the need to purchase particular items and to explain the recourse to a particular supplier. A similar issue arose with relocation costs for staff, which were not dealt with following standard procurement procedures for the acquisition of goods and services.

The Agency's replies: CEPOL replies to all of the criticisms one by one and indicates that it is in the process of implementing the new budget management system ABAC during 2007, to become fully compliant with the requirements of its Financial Regulation.

CEPOL specifies that the implementing rules to the Financial Regulation were presented for adoption to the Governing Board in its meeting of November 2007. In addition, it points out that it is in the process of implementing the ABAC system, which will enable rapid progress to be achieved, during the financial year 2007, on the implementation of procedures that shall allow for full compliance in the management of the College's budget, as defined in the Financial Regulation.

CEPOL also indicates that, in future, it shall pay due attention to the principle of sound financial management when deciding on, approving and managing the activities under its work programme.

Lastly, CEPOL specifies that it has largely improved its procurement procedures in order to fully respect EC public procurement directives, rules and regulations, for instance, regarding the launch of extensive calls for tenders, such as the *E-Platform Network* (electronic platform network).