Basic information

2008/2271(DEC) DEC - Discharge procedure	Procedure completed
2007 discharge: European Police College CEPOL **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	FJELLNER Christofer (PPE-DE)	26/03/2008

Committee for opinion	Rapporteur for opinion	Appointed
LIBE Civil Liberties, Justice and Home Affairs	DÜHRKOP DÜHRKOP Bárbara (PSE)	20/02/2008

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2922	2009-02-10

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
23/07/2008	Non-legislative basic document published	SEC(2008)2359	Summary
20/11/2008	Committee referral announced in Parliament		
16/03/2009	Vote in committee		Summary
20/03/2009	Committee report tabled for plenary	A6-0160/2009	
21/04/2009	Debate in Parliament		
23/04/2009	Decision by Parliament	T6-0295/2009	Summary
23/04/2009	Results of vote in Parliament		

23/04/2009	End of procedure in Parliament		
26/09/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/2271(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/67291

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE416.332	30/01/2009	
Committee opinion	LIBE	PE416.415	02/02/2009	
Amendments tabled in committee		PE421.113	23/02/2009	
Committee report tabled for plenary, single reading		A6-0160/2009	20/03/2009	
Text adopted by Parliament, single reading		T6-0295/2009	23/04/2009	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05588/2009	23/01/2009	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2008)2359	23/07/2008	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2009 OJ C 311 05.12.2008, p. 0001	05/12/2008	Summary

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act
Budget 2009/0663 OJ L 255 26.09.2009, p. 0157 Summary

2007 discharge: European Police College CEPOL

2008/2271(DEC) - 23/07/2008 - Non-legislative basic document

PURPOSE: presentation of the final accounts of the European Police College for the 2007 financial year.

CONTENT: this document sets out a detailed account of the implementation of the College's budget for 2007. It indicates that the College's final budget amounted to 7.5 million in 2007 (compared to EUR 5 million in 2006) – 100% of which is derived from a Community subsidy.

As regards the staffing policy, the College, whose headquarters are in Bramshill (UK) officially had 22.5 posts provided for in the establishment plan, of which only 12 were occupied in 2007 and 9 further posts (seconded national experts and contract staff, etc) amounting to 21 effective posts.

In 2007, CEPOL's main activities consisted of:

Courses, seminars and conferences: 85 conferences.

Training and research

- 2 working groups for training involving 49 tutors from all the Member States;
- recommendation on trainers and course standards has been adopted;
- European approach for police science adopted;
- reference groups for the e-Network and for E-learning have been established;
- e-doc database and CEPOL's glossary have continued to be developed.

External relations

- agreements signed with Eurojust, Frontex and Europol;
- organisation of two specific activities for candidate countries;
- launch of the Euromed II project;
- preliminary contacts initiated for cooperation with international (OSCE, Interpol) and national organisations (Russia, European Neighbourhood Policy countries).

Full details of the College's accounts are available from the following address:

http://www.cepol.europa.eu/index.php?id=final-accounts

2007 discharge: European Police College CEPOL

2008/2271(DEC) - 23/04/2009 - Final act

PURPOSE: to grant discharge to the European Police College (CEPOL) for the financial year 2007.

LEGISLATIVE ACT: Decision 2009/663/EC of the European Parliament on the discharge for the implementation of the budget of the European Police College for the financial year 2007.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the European Police College for the implementation of the Authority's budget for the financial year 2007.

This decision is in line with the European Parliament's resolution adopted on 23 April 2009 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 23/04/2009). The decision to grant discharge is also an approval of the closure of the accounts of this EU agency.

2007 discharge: European Police College CEPOL

2008/2271(DEC) - 05/12/2008

PURPOSE: to present the report by the Court of Auditors on the 2007 annual accounts of the European Police College (CEPOL).

CONTENT: the Court of Auditor's report includes a detailed section on the College's expenditure and an analysis of the expenditure, as well as the College's replies.

- **Analysis of the accounts by the Court**: in its report the Court makes a number of observations, in particular as regards budget management. The 2007 College's budget amounted to EUR 6.5 million, compared to EUR 5.1 million the previous year. The increase in the budget was due to the expansion of the College's activities. This budget amount did not include a contribution of EUR 1.5 million received from the Commission in 2007 to implement a MEDA programme. This situation was at odds with the principle of unity and accuracy of the budget according to the Court. The Court also notes that only EUR 5.6 million of the 2007 commitment appropriations were used, of which EUR 1.7 million were carried over. More than 20% (EUR 0.5 million) of the appropriations carried over from the preceding year were cancelled. The high level of carry-overs and cancellations of appropriations shows difficulties in budget management. As in 2006, the College did not have, for most of the year, a proper commitment accounting system. For example, for operating expenditure, decisions to spend were taken by the Director on the advice of the Governing Board. Commitments were only recorded against budget lines after payments had been made. The absence of internal control standards and ineffective budget monitoring led to spending in excess of the amount foreseen on some budgetary lines. This then led to either ex-post transfers to correct the overdrawn positions or the creation of new budgetary lines *ex nihilo.* The Court also notes that in November 2007, a commitment accounting system was put in place for operating activities. It explicitly provided for the creation of budgetary commitments before any legal commitment or any check on the availability of appropriations. The form of the standard legal commitment in this new procedure does not provide sufficient legal guarantees. It consists of a simple sheet providing some administrative information on the project plus a breakdown of its total cost between the relevant budgetary lines. No contractual conditions are detailed. This approach is not in line with the principle of transparency. Contrary to the College's Financial Regulation, neither the provisional accounts nor the report on the budgetary and financial management had been prepared. The **recoverable VAT for the 2007** financial year, amounting to EUR 102 281, **had not been reclaimed** by the year end. VAT should be recovered at regular intervals during the year. This situation is not consistent with sound financial management. The College's Financial Regulation foresees the need for detailed rules for the implementation of the regulation. The College has not yet adopted any detailed implementing rules, including those ensuring the transparency of the College's procurement procedures. This had already been commented on in the 2006 audit report. 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 recourse to a particular supplier. Lastly, **cases were identified where appropriations were used to finance the private expenditure of some of the College's staff**. As it was not feasible for the auditors to review all payments made during the year it is not possible to quantify either the amount that was irregularly spent on private use or all the different types of private expenditure made. **This use of public funds for private purposes is material by nature**. Steps should be taken to ensure complete reimbursement of these funds.
- **Agency's replies**: CEPOL replies point by point to the Court's criticisms: 1) the specific MEDA project was not initially included in the Budget Out-turn Report. The income and expenditure for each entity was correctly recorded in the accounts as of 31 December 2007. The four main reasons the budget appropriations were not fully used are: i) the number of participants in CEPOL activities was less than estimated and a few activities were cancelled; ii) the recruitment process for new staff has taken longer time than estimated; iii) the new office accommodation, to be provided by NPIA, Bramshill in autumn 2007 was not available in 2007; iv) the cost for organising CEPOL activities were less than calculated due to cost effective solutions by organisers of the activities. **CEPOL did not have an accounting system in place in 2007 which complied with the Financial Regulation**. In November 2007 CEPOL Governing Board approved a system with Agreements between the National Colleges/Institutes and CEPOL, which came into force 1 January 2008, and which will be further amended in order to optimise the transparency of the agreements concluded with the colleges/institutes. The draft 2007 Financial Statements were not prepared on 1 March, as specified in the Financial Regulation. The **Consolidated Reporting Package** was prepared and finalised in accordance with the Financial Regulation and sent to the Accounting Officer of the Commission by 18 January 2008. Following the procedures of previous years, the VAT of the fourth quarter was recovered in the first quarter of the following year. VAT for 2007 has now been recovered. The Implementing Rules of the Financial Regulation were adopted by the Governing Board in February 2008. The purchase of ICT equipment was done under the 'Catalyst Framework Agreement' and followed the conditions as provided by UK Home Office in 2004 to CEPOL when CEPOL did not have legal personality, following the start up phase of CEPOL in 2004. Cost regarding use of **mobile phones and use of the CEPOL pool cars** have been recovered. The recovery of the taxi/transport costs has been initiated. In order to follow up the use of CEPOL funds, an ex post control will be carried out by an external company, regarding the recovery of the costs.

2007 discharge: European Police College CEPOL

2008/2271(DEC) - 23/01/2009

Based on the observations contained in the revenue and expenditure account and the balance sheet of the European Police College (CEPOL) for the financial year 2007, as well as on the Court of Auditor's report and CEPOL's replies to the Court's observations, the Council recommends that the Parliament grant the Director of the CEPOL discharge in respect of the implementation of the budget for the financial year 2007.

In doing so, the Council confirms that more than 20% (EUR 0.5 million) of the appropriations carried forward from the financial year 2006 to the financial year 2007 have not been used and that EUR 1.7 million in appropriations have been carried forward from the financial year 2007 to the financial year 2008 and EUR 0.9 million have been cancelled.

The Council takes note of the fact that the Court has been able to issue a statement of assurance on the reliability of the College's annual accounts for the financial year ended 31 December 2007, but regrets that the Court had to make reservations concerning both the reliability of the accounts and the legality and regularity of the underlying transactions. It is particularly concerned about the absence of a commitment accounting system and of internal control standards and about the failure of the College to comply with the provisions of the Financial Regulation as regards the system of procurement. It also draws attention to the following points:

- **lack of internal control and the ineffective budget monitoring**: the Council regrets the lack of internal control and ineffective budget monitoring observed by the Court which, in conjunction with the absence of a proper commitment accounting system, led to irregularities in the execution of the College's budget. It takes note that a commitment accounting system was put into place at the end of 2007, and calls on the College to further improve its internal procedures for establishing budgetary and legal commitments, including the exhaustive documentation of contractual conditions;
- **high level and cancellations of carry-overs**: the Council notes with great concern the high level of carry-overs and cancellations of appropriations. Moreover, it is particularly concerned about the contribution from the Commission to the MEDA programme implemented outside the budget of the College. The Council calls on the College to remedy this situation in due respect of the principle of sound financial management;
- **procurement**: the Council deeply regrets that the system of procurement adopted by the College did not comply with the provisions of the Financial Regulation and that this situation repeats for the second year in the row. It urges the College to pursue its efforts to remedy such a situation without delay. Moreover, the Council invites the College to establish detailed implementing rules as well as annual provisional accounts and reports on budgetary and financial management in time, as foreseen in its Financial Regulation;

- **inappropriate use of public funds**: the Council is particularly concerned about the cases identified by the Court where public funds were used to finance private expenditure of some of the College's staff. It strongly urges the College to continue its efforts to remedy this situation as soon as possible and to recover completely and urgently the amount that was irregularly spent for private purposes. The Council notes the **ongoing internal investigation opened by the European Anti-Fraud Office (OLAF)** and calls on the College to fully cooperate with OLAF to ensure that the investigation can be concluded rapidly.

2007 discharge: European Police College CEPOL

2008/2271(DEC) - 23/04/2009 - Text adopted by Parliament, single reading

Against the opinion of the committee responsible, the plenary finally decided by 226 in favour, 230 against and 9 abstentions, to reject the proposal to postpone its decision concerning granting the Director of the European Police College discharge and **decided to grant the Director of the College discharge** in respect of the implementation of its budget for the financial year 2007. The decision to grant discharge is also an approval of the closure of the accounts of this EU agency.

Moreover, the Parliament adopted by 403 votes to 37, with 11 abstentions, a resolution with observations which form an integral part of the decision to grant discharge.

Noting that the European Court of Auditors (ECA), in its report on the annual accounts of the College for the financial year 2007, qualified its opinion with regard to the legality and regularity of the underlying transactions on the basis that the system of procurement did not comply with the provisions of the Financial Regulation, the Parliament calls on the College to strictly comply with the Financial Regulation and EC public procurement legislation and to improve its financial management, as it is the second consecutive year in which the ECA raises similar/identical concerns.

The Parliament is also deeply concerned that the Court of Auditors identified cases where appropriations were used to finance the private expenditure of the College's staff. According to the Parliament, this **private use of public funds** is material in nature. Steps should be taken, therefore, to ensure complete reimbursement of these funds. In the light of several amendments adopted in plenary, the Parliament is concerned by a situation where its responsible committee received incomplete information provided on the private use of public money detected by the ECA, by the College's failure to meet the deadline of June 2008 (set in the 2006 discharge resolution) to bring its financial management into line with the Financial Regulation, and by recurrent breaches of basic financial rules.

It also appears that the College violated the principle of unity and accuracy of the budget by not recording EUR 1.5 million received from the Commission in 2007 to implement MEDA properly. The Parliament is also concerned about the weaknesses in the College’s budget management (20% of the appropriations carried over from previous years were cancelled).

As far as the question of misuse of public funds is concerned, the Court of Auditor’s report showed that these expenditures related to the financing of mobile telephone calls, use of pool cars by staff, purchase of furniture for staff accommodation and fee shuttle service of staff to airports and train stations. Although the Parliament notes that measures have been taken to recover all the amounts due, it also points out that it is **not prepared to accept the submission by the College of incomplete information**.

In addition to this, the Parliament is concerned that, although this was already highlighted in the Court of Auditors annual report and the discharge resolution 2006, the College adopted implementing rules for the financial regulation only in February 2008, i. e. more than two years after it became an agency.

Contrary to its committee responsible, the plenary no longer requires the College to present documents and reports on its financial management by 15 June 2009. However, the Parliament calls on the College to fully cooperate with OLAF as part of the **internal investigation concerning the College** to enable OLAF's agents to carry out their duties. The Parliament also asks the College, OLAF and the Commission to inform the discharge authority of the results of the OLAF investigation without delay as soon as they are available.

In addition to these recommendations, the Parliament refers to the recommendations that appear in its resolution on financial management and control of EU agencies - see 2008/2207(INI) - adopted in parallel.