

**Decision of the Management Board 08/2017/MB**

**On establishing the analysis and assessment  
of the Consolidated Annual Activity Report 2016**

**Adopted by the Management Board**

**On 09 May 2017**

THE MANAGEMENT BOARD,

Having regard to Regulation (EU) 2015/2219 of the European Parliament and of the Council of 25 November 2015 on the European Union Agency for Law Enforcement Training (CEPOL) and replacing and repealing Council Decision 2005/681/JHA<sup>1</sup>, and in particular Article 9(1)(t) thereof,

Having regard to Decision 01/2014/GB of the Governing Board of the European Police College (CEPOL) adopting the Financial Regulation and repealing decision 28/2011/GB, and in particular Article 47 thereof;

Having regard to the Consolidated Annual Activity Report (CAAR) for the financial year 2016;

HAS ADOPTED the Analysis and Assessment of the Consolidated Annual Activity Report (CAAR) for the financial year 2016, as set out in the Annex to this decision.

The present Decision shall take effect 09 May 2017

Done at Malta, on 09 May 2017

*For the Management Board*

*<Signature on file>*

.....  
*Mrs Frederike Everts MPA*  
*Chair of the Management Board*

ANNEX: Consolidated Annual Activity Report (CAAR) for the financial year 2016 including its Analysis and Assessment by the Management Board

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<sup>1</sup> OJ L319, 4.12.2015, p.1.

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**Consolidated Annual Activity Report (CAAR)  
of the European Union Agency for Law Enforcement Training (CEPOL)  
for financial year 2016**

This Consolidated Annual Activity Report has been drawn up in compliance with Article 47 of the Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.

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## Management Board's analysis and assessment

The Management Board,

Having regard to Regulation (EU) 2015/2219 of the European Parliament and of the Council of 25 November 2015 on the European Union Agency for Law Enforcement Training (CEPOL) and replacing and repealing Council Decision 2005/681/JHA,

Having regard to Decision 01/2014/GB of the Governing Board of the European Police College (CEPOL) adopting the Financial Regulation and repealing decision 28/2011/GB, and in particular Article 47 thereof;

Having regard to the Consolidated Annual Activity Report (CAAR) for the financial year 2016 of the Authorising Officer of CEPOL;

1. Considers that the Consolidated Annual Activity Report represents a comprehensive and transparent account of the Agency's activities and results of the year; takes note that the Executive Director had no reservation to report;
2. Notes that 2016 was the first year of implementation of CEPOL's new legal mandate starting with 1 July 2016; welcomes that a change management plan has been proactively prepared and implemented, to respond to the additional challenges and tasks entrusted to CEPOL;
3. Notes with satisfaction that, in terms of the delivery of its core business, for the sixth year in a row, the outreach of CEPOL has increased: number of participants has grown to **18,009** compared to **12,992** in 2015 which represents an increase of over **38%**. This takes place while operating within a stable budget frame and staffing levels, which demonstrates CEPOL's success in achieving higher resource efficiency and providing good value for money;
4. Stresses that in total 10 priority categories, encompassing all EU Policy Cycle priorities and 9 other categories, were covered by CEPOL training portfolio 2016, responding to the training needs of the Union internal security threats, such as terrorism, serious and organised crime, cybercrime and migration;
5. Notes with satisfaction that the quality of CEPOL products as measured by the stakeholders' and clients' satisfaction rate remained exceptionally high with **95%** of participants stating that they were very satisfied or satisfied with the activities;
6. Notes however that the requirements for training are considerably greater than the available resources though, therefore the agency had to apply negative priorities resulting in 30% of applications for CEPOL Exchange Programme could not be implemented within the given budget;
7. Notes that CEPOL progressed with the implementation of the EU/MENA Counter-Terrorism Training Partnership programme aiming at building capacities of law enforcement services of the region of Middle East and North Africa, notably Jordan, Lebanon, Tunisia and Turkey, having responsibility for combatting terrorism by training means;

In 2016 CEPOL managed to build local ownership and trustworthy, respectful relationship with interlocutors, most of which had not been familiar with CEPOL; 16 programme activities were implemented with 281 law enforcement officers from MENA countries trained in Counter terrorism related topics; **92%** general satisfaction rate was reached;

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8. Notes with satisfaction that, following the independent external quality audit, CEPOL received certification in accordance with the Quality Management System Standard ISO 9001:2015; the third-party recognition demonstrates that the Agency has established a comprehensive quality management framework and applies good business practices with the aim of always providing its services to the satisfaction of its stakeholders;

9. In terms of human resources management, the MB takes notes of the Agency's efforts to ensure business continuity while the staff turnover continues to increase following relocation, due to the significantly lower correction coefficient applied to staff salaries; notes that due to limited human resources capacity in the area of information and communications technology, there are certain delays in introducing the e-tools intended to support the operational activities (CRM, ECM);

10. Notes that as far as regards budget management, at the end of December 2016, the total 2015 budget implementation, including carried forward funds from 2015-2016, has reached 93%, which is a good result, although slightly below the target of 95%; with regards to the regular budget 2016, by end of the year 96% of the budget has been committed, 79% has been paid, while 17% carried over to 2017; the carried over is justified by the pending invoices from the service suppliers, a number of residential activities organised in the first 2-3 months of 2017 and service and supply contracts signed at the last month of the year.

11. The Management Board takes note of the declaration of assurance of the Executive Director and the underlying supporting information. The Management Board positively notes that audit recommendations have been addressed and there are no critical findings from the external auditor with respect to the legality or regularity of transactions in the last year.

The Management Board considers CEPOL has effectively delivered the expected products and services in accordance with the 2016 Work Programme. Acknowledges that the training activities implemented in 2016 help to consolidate CEPOL's role as a contributor to the development of a common European law enforcement culture across Europe and beyond.

The Management Board attaches this analysis and assessment to the CAAR for submission to the Court of Auditors, the Commission, the European Parliament and the Council by no later than 1 July, in accordance with Article 47(2) of the Financial Regulation applicable to CEPOL.

*For the Management Board*

*<Signature on file>*

*Mrs. Frederike Everts MPA  
Chair of the Management Board*

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## Introduction

CEPOL was initially founded by Council Decision 200/820/JHA of 22 December 2000 as a body financed directly by the Member States of the European Union and functioned as a network, by bringing together the national training institutes in the Member States, whose tasks include the training of senior police officers. CEPOL was later established as an agency of the European Union by Council Regulation No. 2005/681/JHA of 20 September, 2005 (OJ L 256/63 of 1 October, 2005). The decision was amended by Regulation (EU) No 543 of 15 May 2014 changing the seat of CEPOL from Bramshill, UK to Budapest, Hungary.

Since 1 July 2016, the date of its new legal mandate<sup>1</sup>, CEPOL's official name is 'The European Union Agency for Law Enforcement Training'.

CEPOL is headed by an Executive Director, who is accountable to a Management Board. The Management Board is made up of representatives from EU Member States<sup>2</sup> and the EU Commission. The Chair of the Management Board is a representative of one of the three Member States that have jointly prepared the Council of the European Union's 18-month programme. The Management Board meets at least two times per year. In addition, CEPOL has dedicated National Units (CNUs) in every Member State to provide information and assistance to law enforcement officials who wish to participate in CEPOL's activities. CNUs also support CEPOL's operations.

The agency's annual work programme is built with input from its network and other stakeholders, resulting in topical and focused activities designed to meet the needs of Member States in the priority areas of the EU internal security strategy. Moreover, CEPOL assesses training needs to address EU security priorities.

CEPOL contributes to a safer Europe by facilitating cooperation and knowledge sharing among law enforcement officials of the EU Member States and to some extent, from third countries, on issues stemming from EU priorities in the field of security; in particular, from the EU Policy Cycle on serious and organised crime.

CEPOL constantly strives to offer innovative and advanced training activities by integrating relevant developments in knowledge, research & technology, and by creating synergies through strengthened cooperation.

## Mission

CEPOL as a European Union Agency contributes to European police cooperation through learning to the benefit of European citizens.

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<sup>1</sup> Regulation (EU) 2015/2219 of the European Parliament and of the Council of 25 November 2015

<sup>2</sup> Denmark and the United Kingdom are not considered Member States in relation to CEPOL in accordance with Protocol 22 on the position of Denmark and Protocol 21 on the position of the United Kingdom in respect of the area of freedom, security and justice, annexed to the TEU and to the TFEU.

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## Vision

CEPOL's vision is to be acknowledged by allied agencies and authorities in the policing and educational world to be the primary source of learning and development in the field of education and training for enhanced cooperation and policing in Europe.

## Values

- Primary source of knowledge
- Respect for diversity
- Faith in justice and policing

## CEPOL'S Quality Statement

The Agency is committed to implement internationally recognised management standards, such as ISO 9001:2015.

CEPOL intends to demonstrate the ability to consistently provide products and services that meet stakeholder expectations and applicable regulatory requirements, to contribute to European law enforcement cooperation through learning to the benefit of European citizens.

The Agency aims at enhancing services through effective application of the CEPOL's Management System, by continually improving its processes, addressing risks and opportunities, and ensuring the Management System is fit for purpose.

**CEPOL focuses on customers, stakeholders and other interested parties, provides leadership, engages and involves people, uses a process approach, encourages improvement, uses evidence based decision-making, and manages effective stakeholder relationships.**

The Agency intends to ensure compliance with the applicable ISO 9001:2015 requirements, and the Internal Control Standards.



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## Executive Summary

### The Year in Brief

2016 was the year of CEPOL's transformation in line with the requirements of the **new legal basis**, Regulation (EU) 2015/2219 of the European Parliament and of the Council of 25 November 2015, which came into effect starting 1 July 2016.

In the run up to the entry into force of the CEPOL Regulation, the Governing Board has adopted a **Change Management Plan**<sup>3</sup>. The plan outlines the necessary steps to best prepare CEPOL for the implementation of its legal mandate.

CEPOL paid attention to business continuity whilst implementing the change management measures which were foreseen to take effect in 2016. Among those, the governance arrangements necessary for CEPOL to function effectively were given priority. Notably, preparations have been made with regard to the renewed planning and programming timelines, the Management Board has been established, the amended Rules of Procedure for the Management Board were adopted.

In 2016, CEPOL implemented the changes in its **corporate and visual identity** agreed by the Governing Board as a result of the "re-branding" project started by the agency in 2015. CEPOL has now a brand new logo and, for the first time in its history, a Corporate Identity Manual setting guidelines for the use of the visual elements. The new visual identity was implemented since 1 July 2016 (date of application of CEPOL's new legal mandate).

Reflecting the extended CEPOL's target group following the new mandate, the scope of **Framework Partnership Agreements** was widened in order to encompass EU law enforcement agencies and training institutions, as well as research institutes and public universities that have working agreements with EU law enforcement institutions. Therefore, a Call for Framework Partners (FP) 2017-2020 was launched and finalised in 2016 resulting in 60 FPs, which represents a significant increase comparing to 35 previous FPs.

CEPOL has effectively delivered the expected products and services in accordance with the 2016 Work Programme. The number of participants to **CEPOL's trainings activities** continued to increase achieving **18,009** law enforcement officials trained, while the quality of products as measured by the stakeholders' and clients' satisfaction rate has increased to 95%.

2016 was the first full year of implementation of the '**EU/MENA Counter-Terrorism Training Partnership project**'. The project aims at building the capacity of relevant law enforcement services and other relevant personnel in the target countries by offering tailored made learning and training activities in the field of counter-terrorism. The project is worth 2.5 M EUR over a span of 24 months, and is funded under the Instrument Contributing to Stability and Peace (IcSP) managed by the Service for Foreign Policy Instruments. This project has now been recognised as a flagship project in EU cooperation with MENA countries on Counter Terrorism.

In 2016 CEPOL completed the inception phase and managed to establish functioning cooperation with all relevant interlocutors of the beneficiary countries and provide solid ground for organizing latter activities.

<sup>3</sup> Decision 34/2015/GB of the Governing Board of the European Police College adopting the Change Management Plan. Adopted by written procedure on 18 December 2015.

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Following the external audit completed in January 2017, CEPOL has been **certified to the Management System Standard ISO 9001:2015** by Lloyd's Register Quality Assurance. The Management System is applicable to: Management of the Law Enforcement Residential Activities and the Exchange Programme: support, develop, implement and coordinate training for law enforcement officials. This strategic development helps CEPOL to demonstrate its high commitment to quality and stakeholder satisfaction.

## Key Performance Indicators

Goals and objectives reflected in the CEPOL's short-term strategy 2014-2017 are subject to regular monitoring, analysis and reporting, both internally (management) and externally (Management Board). The Agency's Key Performance Indicators (KPIs) and Performance Indicators (PIs), linked to the achievement of three Strategic Goals, demonstrate sustainable progress achieved in 2016.

### Summary of the Agency's performance in 2016 – KPIs

Key Performance Indicators	Target	Performance 2015	Performance 2016
Satisfaction of training provided by CEPOL	90%	94%	95%
Overall rate of implemented agreements	80%	100%	100%
Implementation of the CEPOL strategy	80%	70%	87%

## Key conclusions on training and learning activities, external relations (executive summary of Part I)

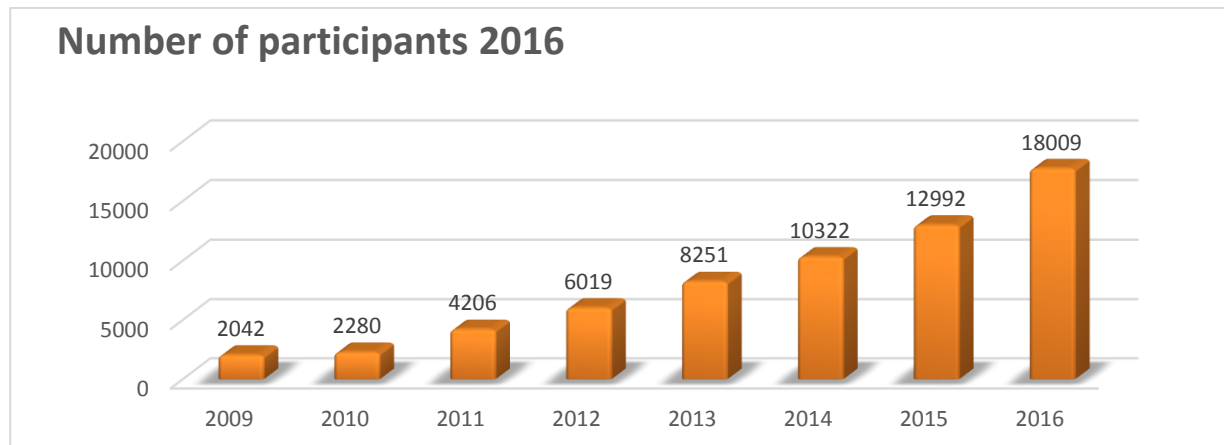
CEPOL, on the basis of identified training needs, offered training portfolio in total of 10 priority categories, deriving from CEPOL mandate encompassing all EU Policy Cycle priorities and 9 other categories. The current portfolio encompasses residential activities, online learning (i.e. webinars, online modules, online courses, etc.), exchange programmes, common curricula, research and science actions. The use of varied training tools ensures complementarity and that identified needs of the Member States are met to a greater extent.

More than 80% of the CEPOL training and learning activities, i.e. residential activities, webinars, online courses, online modules, tackle the security threat priorities stemming from the European Security Agenda, for example:

- Serious and organised crime, including cybercrime and migration - 35% of activities
- Counterterrorism - 13% of activities
- Horizontal aspects, such as law enforcement cooperation tools, professional networks information exchange etc. - 33%

For the sixth year in a row the outreach of the agency has increased while operating within a stable budget frame: number of participants has grown to **18,009<sup>4</sup>** compared to **12,992** in 2015. The requirements for training are considerably greater than the available resources though, therefore the agency had to apply negative priorities resulting in more than 30% of applications for CEPOL Exchange Programme not implemented within the given budget.

<sup>4</sup> Including the number of participants in MENA project

**Participation in CEPOL activities 2010-2016\***


\* Participation includes seminars, courses, conferences, e-learning modules, online courses, webinars, the European Police Exchange Programme and MENA Programme

In 2016, the content of CEPOL's training efforts successfully met the operational expectations, the overall satisfaction rate with CEPOL activities remained exceptionally high - 95% of participants stating that they were very satisfied or satisfied with the activities (94% in 2015).

External relations have always been an important part of CEPOL's activities, nevertheless, they have gained additional importance under the new legal mandate (Regulation (EU) 2015/2219). Having recognised this, CEPOL has adopted its external relations sub-strategy (Decision 22/2016/GB) which sets out the directions to fill the legislative framework with content.

Against this background, CEPOL aims at entering the "global market" of law enforcement training (c.f. multiannual strategic objective 1.1 of the sub-strategy) while ensuring the continuous high-level implementation of its statutory tasks and giving priority to the immediate partners of the EU among third countries. This approach is facilitated by the provisions of the new regulation enabling CEPOL to manage dedicated Union External Assistance funds (art. 4 paragraph 4 d).

2016 was the first full year of implementation of the **EU/MENA Counter-Terrorism Training Partnership project**. The programme is implemented with direct, bilateral projects frame with Jordan, Lebanon, Tunisia and Turkey. In the course of inception the subjects of the activities, their methodologies were identified and logically structured allowing to build a systematic action plan and got it endorsed by partners. Activities were carefully fine-tuned in order to be in line with exact needs and to avoid any duplications of other ongoing donor activities.

In close cooperation with law enforcement services of the beneficiary countries, 11 residential activities were carried out in the programme frame. The centre of the gravity was the cyber arena in the light of terrorism and anti-terrorism. Most of the courses focused specific areas of this mainstream and these were addressed by precisely tailored activities. Besides, international cooperation, critical infrastructure protection, counter terrorism financing, counter radicalisation were also at the agenda. Study visits and thematic courses also begun to be organised last year to Europol, CEPOL and other relevant European Member State's law enforcement bodies (Italy and Cyprus). All in all **281** participants were involved in **16** programme activities or exchanges in 2016 and more importantly **92%** general satisfaction was reached and positive feedback received.

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## Key conclusions on management of human resources

In line with the budget as adopted by the Budgetary Authority and the Governing Board, CEPOL's establishment plan 2016 contains 28 Temporary Agents (TA) and 20 Contract Agents (CA); this latter number includes 3 positions for the EU/MENA Counter-terrorism project, separately financed from the grant agreement signed in November 2015. In addition to regulatory staff positions, CEPOL had in 2016, 4 SNE allocated positions.

By the end of 2016, the agency had in post 25 Temporary Agents (including one on unpaid leave) and 18 Contract Agents; in addition 6 SNE were in post, 4 financed from CEPOL budget and 2 from EU/MENA Counter-terrorism project.

As a consequence of the relocation from UK to Hungary, due to the significantly lower correction coefficient applied to staff salaries in the new location, the number of resignation showed an increasing trend. The Agency used a number of interim staff and SNEs to fill in for staff absence and ensure business continuity, until recruitment of statutory staff was completed.

As CEPOL was and is aware of the risks of high staff turnover, during the relocation a number of mitigating actions were implemented. CEPOL would like to highlight its GB decision on school fees for international school's for children of staff, the generous set up of core hours and the use of tele-work for its staff. Besides these, CEPOL has made significant progress in professional training for its staff.

In 2016 CEPOL run 22 recruitment campaigns which attracted 500 applications. The number of applications decreased compared to the period before relocation, however, this did not impact on the quality of applications received and the Agency's ability to recruit suitable candidates.

The low grading of posts combined with low correction coefficient, does not encourage foreigners (especially from West and Northern Europe) to move to Hungary, therefore the geographical balance cannot be always ensured during the recruitment process. As expected, an overrepresentation of the Host Member State nationals has occurred in the last year.

At the end of 2016, there were 16 Hungarians (32%) working for the agency, from a total of 49 staff (TA, CA & SNE). Especially in CA there is a very significant overrepresentation (10 out of 18) of Hungarian nationals.

Further details on management of human resources can be found in Part II, point 2.4.

## Key conclusions on management of financial resources

At the end of December 2016, the total 2015 budget implementation, including carried forward funds from 2015-2016, has reached 93%.

CEPOL's regular budget for 2016 was €8 641 000. The regular budget is consumed over three budget headings (titles). Title 1 covers staffing; Title 2 covers expenditure related to infrastructure, such as running costs; and Title 3 covers operational costs.

By the end of December 2016, 95.95% of the C1 budget has been committed, out of which 82% has been paid (79% of the total budget).

A total of € 1,477,2885 has been carried over to 2017, amounting to 17% of the overall 2016 budget. The justification of this higher amount relates to the fact that invoices for the flight scheme

<sup>5</sup> Includes 1,398,594 € of the annual subsidy (C1 credits) and 8,390 € of recoveries (C4 credits)

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and exchanges for the month of November have not been sent correctly by the travel agent; a number of residential activities are organised in the first 2-3 months of 2017 and number of substantial contracts have been signed at the last month of the year.

After relocation, some staff members initiated a Court case, arguing the conditions in which the relocation has been carried out and its financial impact on their income. CEPOL arrived to an amicable settlement with 4 ex-staff members during 2015 and the partial payment of the agreed amount, forming part of the relocation budget, was made in December (€54,000), while the remaining part (€39,700) has been paid from the 2016 budget. The amicable settlement case is considered to be closed.

With regard to the remaining legal case, the three staff members decided on an appeal. It is unlikely that this case will be settled before the second half of 2017.

In 2015, a budget of € 2.5 M has been granted to CEPOL via the grant agreement signed with the European Commission on EU/MENA Counter-terrorism Training Partnership. In order to properly follow up the project financially, Title 4 has been created to manage this project. The second instalment has been inscribed in ABAC and became available for commitments and payments. Of the total available credits in value of € 1 243 891, 89% have been committed and 48% have been paid by end of 2016.

Further details on management of financial resources can be found in Part II, point 2.3.

### **Key conclusions on internal control effectiveness**

CEPOL conducts its operations in compliance with the applicable rules and regulations, working in an open and transparent manner, and meeting the expected high level of professional and ethical standards.

The Agency has adopted a set of internal control standards (ICS), based on international good practice, aimed at ensuring the achievement of operational objectives. As required by the Financial Rules, the Executive Director has put in place an organisational structure and internal control systems suited to the achievement of the agency's objectives, in accordance with the ICS and with due regard to the risks associated with the environment in which it operates. As reported in Part III, CEPOL has a constant progress towards full compliance with the 16 internal control standards.

The Agency has systematically examined the observations and recommendations issued by internal auditors, the European Court of Auditors and the European Parliament. On this basis, it took actions as appropriate.

No audit recommendations having a critical nature or impacting on the legality and regularity of transactions were formulated by the internal/external auditors in the past four years.

The agency has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control system is working effectively. Further details regarding the assessment of the effectiveness of the internal control systems can be found in Part III.

The Executive Director, in his capacity as Authorising Officer, has signed the Declaration of Assurance.



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## Part I. Achievements of the year

<b>Strategy Goal 1: “An enhanced independent CEPOL capability that delivers satisfactory, effective and efficient training and education services”</b>		
<b>Specific activities for Goal 1</b>		<b>Performance indicator</b>
1.1	Contribute to the development of a methodology for a four-year Strategic Training Needs Assessment (STNA) and annual Training Needs Analysis (TNA)	<p>Input timely provided to European Commission and Contractor</p> <p>Target: requests replied to within specified timeframe</p> <p>Progress: 100% responses in time with contractual obligations</p> <p>Number of stakeholders consulted/involved:</p> <p>Target: 35; Progress: 32 (91%)</p> <p>Requests for contribution submitted on time: 100%</p>
1.2	Education and training activities	<p>Number of participants in CEPOL flagship activities</p> <p>Target: 220; Progress: 333</p> <p>Satisfaction with CEPOL activities</p> <p>Target: 90%; Progress: 95%</p>
1.3	<p>CEPOL Exchange Programme:</p> <ol style="list-style-type: none"> <li>Further alignment of the programme with EU priorities;</li> <li>Ensure participation of candidate countries and ENP countries in the Programme</li> </ol>	<p>All EU Policy Cycle priorities included:</p> <p>Target: 11; Progress: 13</p> <p>Number of participants from Candidate and ENP countries take part in CEPOL EPEP</p> <p>Target: 30; Progress: 80</p> <p>Satisfaction with training provided by CEPOL (CEP)</p> <p>Target: 90%; Progress: 96%</p>
1.4	Contribute to the harmonisation of the training programs across EU through the use of Common Curricula.	<p>Number of common curricula maintained</p> <p>Target: 9; Progress: 9</p>
1.5	Extend and further develop e-learning tools	<p>Number of online courses implemented</p> <p>Target: 1; Progress: 1</p> <p>Satisfaction of training provided by CEPOL (webinars)</p> <p>Target: 90%; Progress: 94%</p>
1.6	Finalisation of revised evaluation methodology	<p>Finalisation of revised evaluation methodology</p> <p>Target: 1; Progress: 1</p>
1.7	Assist the access to scientific and research material to stakeholders through further development of access to journals	<p>Number of journals available</p> <p>Target: 15; Progress: 17 full access (plus more than 300 in time-delayed repository)</p>
1.8	Further develop Lecturers, Trainers and Researchers (LTR) database	<p>Number of new registrations</p> <p>Target: 100; Progress: 149</p>

## 1.1 Portfolio based programming of CEPOL learning activities

### Strategic Training Needs Assessment (STNA)

Strategic Training Needs Assessment (STNA) is the examination and identification at strategic level of capability challenges in the area of the threats to EU internal security that should be tackled with training.

The STNA derives from the LETS communication<sup>6</sup> and is one of the implementing measures of the Renewed EU Internal Security Strategy 2015-2020.

New CEPOL Regulation that became fully applicable on 1st of July 2016, tasks the agency to implement STNA. In order to prepare for the new legal mandate and facilitate a smooth and efficient start of the STNA project under the new Regulation, early on CEPOL worked in close cooperation with the European Commission in drafting the Terms of Reference for a methodological study to develop STNA in the framework of the LETS implementation.

The methodology development commenced in September 2016 by an external contractor engaged by the Commission; CEPOL is represented in the STNA methodology development through the Steering Board along with the representatives of the Member States, Europol and Frontex. By the end of 2016 the Inception Phase was completed.

It is envisaged that the project is finalised and the STNA methodology developed by the end of April 2017.

### Operational Training Needs Analysis (TNA)

While it is envisaged that STNA having assessed security threats and challenges will give strategic guidance where the Union shall dedicate its resources in law enforcement training, it is necessary for CEPOL to:

- identify the detailed training needs at operational level for specific target groups, required competencies and mastery levels in the STNA priority areas, including the volume of law enforcement officials that require such training;
- design comprehensive tailored thematic training portfolios.

For that reason CEPOL began the development of scientifically sound and reliable Operational Training Needs Analysis. The work is supported by experts from Member States, Europol and Frontex. It is planned to complete the methodology in May 2017.

### Multi-layered portfolio approach to thematic education and training

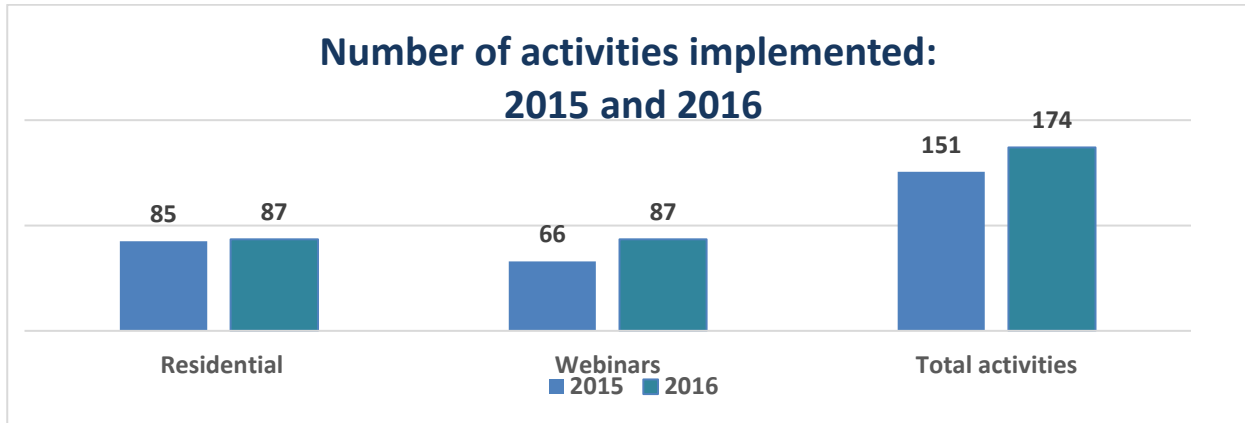
Based on the outcomes of the annual TNA consultations with the MS and stakeholders, CEPOL develops its response to the EU level training needs, which is reflected in the CEPOL's training catalogue. A thematic based approach in line with the LETS principles is applied when preparing a selection of training intervention solutions.

In 2016 CEPOL continued selecting its learning and training themes from the relevant EU policy instruments taking into account the Member States opinion on topic prioritisation. All CEPOL

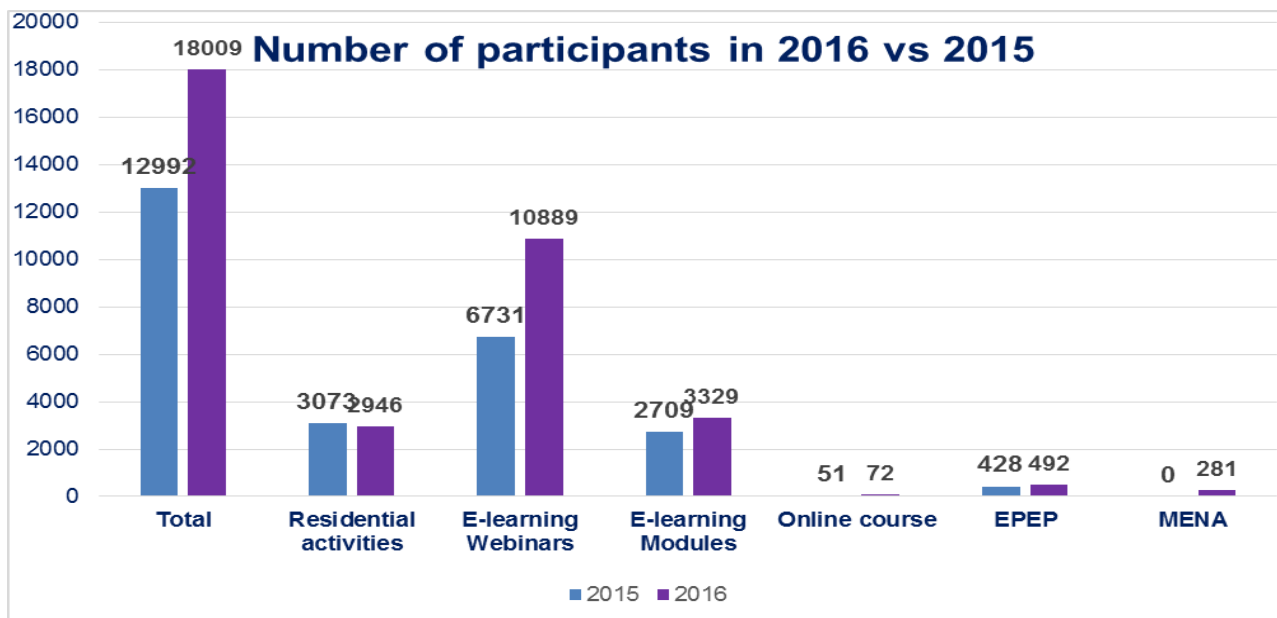
<sup>6</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Establishing a European Law Enforcement Training Scheme, Brussels, 27.3.2013, COM(2013) 172 final

activities are designed to facilitate the sharing of knowledge and best practices, and to help developing a common European law enforcement culture.

It was planned to implement **159 activities** (80 residential and 79 webinars), but catering to emerging needs, CEPOL delivered **174 activities** (87 residential and 87 webinars).



Beyond that, CEPOL also developed and implemented **492 exchanges**, **1 online course** (Police English language) and maintained **27 online modules** throughout the year. In total, **17 728** law enforcement officials took part in CEPOL training activities on issues vital to the security of the EU and its citizens, which represents a significant (more than 1/3) increase compared to 2015. In addition, the implementation phase of **EU/MENA Counter-Terrorism Training Partnership project** programme started in 2016 with **281** law enforcement officials taking part in CEPOL training activities on counter terrorism.





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The Overview of the number of activities per thematic priority and training categories is illustrated in the table below.

Priority	Residential courses	Webinars	Exchanges	Online modules	Online Courses	MENA
The EU Policy Cycle to tackle Serious and Organised Crime 2014-2017	31	24	173	6	0	0
Other organised international crime	4	5	37	0	0	0
Counter terrorism	8	1	15	2	0	16
Special law enforcement techniques	10	12	64	0	0	0
EU police and judicial cooperation	13	19	92	12	0	0
External dimension of the area of Freedom, Security and Justice	8	1	2	0	0	0
Maintenance of law and order and public security	1	2	33	0	0	0
Leadership, learning, training and language development	8	7	68	7	1	0
Research and science / Crime prevention	1 global conference	1	4	0	0	0
Fundamental rights	3	15	4	0	0	0
<b>Total</b>	<b>87</b>	<b>87</b>	<b>492</b>	<b>27</b>	<b>1</b>	<b>16</b>

Overview of the number of participants per thematic priority is provided below, for each category of training fostered by CEPOL.

Priority	Residential Courses	Webinars	Exchanges	Online modules	Online Courses	MENA	Total
The EU Policy Cycle to tackle Serious and Organised Crime 2014-2017	979	3412	173	1097	0	0	<b>5661</b>
Other organised international crime	128	485	37	0	0	0	<b>650</b>
Counter terrorism	365	212	15	143	0	281	<b>1016</b>
Special law enforcement techniques	311	1589	64	0	0	0	<b>1964</b>
EU police and judicial cooperation	385	2355	92	1179	0	0	<b>4011</b>
External dimension of the area of Freedom, Security and Justice	201	112	2	0	0	0	<b>315</b>
Maintenance of law and order and public security	56	187	33	0	0	0	<b>276</b>
Leadership, learning, training and language development	232	742	68	910	72	0	<b>2024</b>
Research and science / Crime prevention	199	101	4	0	0	0	<b>304</b>
Fundamental rights	90	1694	4	0	0	0	<b>1788</b>
<b>Total</b>	<b>2946</b>	<b>10889</b>	<b>492</b>	<b>3329</b>	<b>72</b>	<b>281</b>	<b>18009</b>

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## 1.2 Development of education and training products

### Education and training activities (residential)

In 2016 CEPOL planned to implement 80 residential activities, delivered – 87 (85 in 2015).

Residential activities were represented in the following categories:

- EU Policy Cycle – Council's priorities in the fight against serious and organised crime 2014-2017 (31 residential courses)
- Other organised international crime (4 residential courses)
- Counter terrorism (8 residential courses)
- Special law enforcement techniques (10 residential courses)
- EU police and judicial cooperation (13 residential courses)
- External dimension of the area of Freedom, Security and Justice (8 residential courses)
- Maintenance of law and order and public security (1 residential course);
- Leadership, learning, training and language development (8 residential courses)
- Research and science / Crime prevention (1 conference);
- Fundamental rights (3 courses)

The overall satisfaction with CEPOL activities remains high, for 2016 it was **95%** for residential courses (in 2015 it was **93%**), whereby there were **2 946** residential participants in 2016 (**3 073** in 2015).

The major thematic areas of training intervention were: **EU Policy Cycle** for organised and serious international crime with two specific topics highlighted: **Migration, Cybercrime**; furthermore the **Counter-terrorism** also remains an area of high significance.

### EU Policy Cycle

CEPOL continues to provide a portfolio of training options for all priority areas within the EU Policy Cycle, whereby the priority area Illegal immigration was reinforced with 4 additional courses implemented in the first quarter of the year.

In total in 2016 CEPOL delivered **31** residential activities on the Policy Cycle priorities attended by **979** participants. This demonstrates continuous and increasing commitment of CEPOL's investment (in comparison with 21 activities attended by 710 participants in 2015).

The training is a complementary tool for operational actions of EMPACT actions in order to ensure that investment into training and exchange of best practices delivers benefits in terms of improving data gathering and intelligence sharing or in better operational cross-border cooperation.

The aim to align training with operational needs and actions in the EU Policy Cycle areas was a trigger for organising a joint session of CEPOL National Contact Points and Europol National Units with dedicated workshop for the EU Policy Cycle and cooperation between Europol and CEPOL's national structures (held at Europol on 13 April 2016). Closer cooperation between training and operational structures was one of the follow-ups reflecting the views expressed in the Outcome of proceedings of the Conference "EU Policy Cycle - Safer Europe - together against organised and serious international crime" held on 8-9 December 2015 at CEPOL in Budapest, Hungary (Council document 5411/16).

### Migration (as one of the EU Policy Cycle areas)

CEPOL addressed the challenges stemming from the unprecedented migration flows and reflected the fact that the growth in illegal migration volumes continued to pose EU policing problems. Therefore, CEPOL training was aligned with the requirements voiced by the EU Policy Cycle expert group on illegal immigration, with focus on increasing the knowledge and

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competences on combating organised crime groups (OCGs) and transnational investigation techniques.

In order to assist the MS in their response to unprecedented migration influx, the content of training was developed in close cooperation with experts from Member States, Western Balkan countries, Europol, Eurojust, Frontex, EASO, FRA, it covered important aspects concerning exchange of information and the cooperation between the EU agencies and national law enforcement institutions operating at the frontline, both in transit and destination countries.

Moreover, to address the issue about misuse of migration flows for terrorism, the topics on radicalisation processes, foreign fighters and returnees were part of the training, too.

In total **6** residential activities were attended by **195** participants, which is a significant increase in comparison with one residential activity in 2015 with 28 participants trained.

### **Cybercrime** (as one of the EU Policy Cycle areas)

Cybercrime remains one of the key priorities for CEPOL training considering the substantial need for such training to strengthen the capacity of Member States law enforcement to conduct international investigations. The first Cyber TNA demonstrated that in average slightly more than 25% of the training needs can be met by Member States. In the face of such pressing situation, CEPOL allocated additional dedicated resources to the area to focus on cybercrime related cooperation and training, supporting the development of a structure for the identification and delivery on the training needs. This allowed to strengthen CEPOL's contribution for the following areas:

- Support for EMPACT priorities Payment Card Fraud, Child Sexual Exploitation and Cyber-attacks
- Cooperation with relevant partners, such as European Cybercrime Centre at Europol (EC3), Interpol, Council of Europe, ECTEG
- Delivery of the first Cybercrime Training Needs Analysis
- Development of Training Competency Framework.

CEPOL implemented **5** residential activities attended by **142** participants. Examples of cyber related activities:

- CEPOL supported MS by implementing their pilot residential course "Investigation on Darknet and Virtual Currencies" (87/2016). One of the aims of this specific course was to create additional training material for European Cybercrime Training and Education Group (ECTEG) that could be shared free of charge with law enforcement community via ECTEG. Inviting also OSCE, Council of Europe and Interpol as observers to this activity ensured CEPOL's global outreach.
- CEPOL proved to be an important partner in the area of Child Sexual Exploitation with a new 2-weeks practical course "Victim Identification in the area of Child Sexual Exploitation" (86/2016) implemented in cooperation with Interpol and Europol. Besides MS, Europol and Interpol, the expertise was coming from overseas (Australia, USA, Canada) which added a worldwide relevance.

### **Terrorism**

CEPOL responded to the challenges related to terrorism by implementing a portfolio of training activities focusing on improving operational cooperation and increase the capabilities on countering the terrorist threats. As a result **8** residential activities were implemented and attended by **365** participants (6 activities attended by 296 participants in 2015)

Some of the most relevant aspects covered were prevention of radicalisation, foreign fighters, Special Intervention Units (ATLAS), explosives - bomb threat response, protection of critical infrastructures and current modus operandi particularly in respect of recent terrorist attacks.

Target group for these courses was identified as law enforcement officials, first line law enforcement officers, senior and chief specialists, and investigators from EU law enforcement institutions responsible for public security (police, dignitaries, protection, etc.) or dealing on a regular basis with counterterrorism issues.

Parallel to implementation of training activities there was an analysis of CEPOL current portfolio related to terrorism. This was performed by an external expert in order to assess how CEPOL training meets the needs and what could be the way forward in terms of further prioritisation and clear focus of training profile in the field of counterterrorism in the light of recent developments at the EU level.

## Flagship activities

In 2016 CEPOL continued to implement its flagship activities.

### 1) EU Leadership Programme

CEPOL implements a fully accredited **European Joint Master Programme** (EJMP) designed to further qualify law enforcement officers on the implementation and operationalisation of EU instruments, especially on police cooperation in concrete cross-border settings. It is the first EU academic programme aimed at addressing common challenges of police cooperation in the frame of internal security. EJMP was launched in October 2015. In 2016 4 out of 7 modules were implemented in Finland, Spain, France and Bulgaria with **27** students. Successful students will graduate in 2017.

In 2016 CEPOL continued to support the strategic vision of European law enforcement leadership development by delivering two components of **European Leadership Development Programme**:

- the Future Leaders (two modules) - **29** 'future' EU executive leadership participants attended the CEPOL training with the view to develop the competencies necessary to manage law enforcement structures in the global environment. The methodology adopted was a blended learning and development mix of event workshops, residential training modules including coaching support. The programme incorporated a variety of relevant subjects delivered by both policy and specialist public and private sector experts including the provision of five day exchange under the Exchange Programme, to help facilitate the research and preparation of the Group Assignment projects (strategic topics arising from the Police Chiefs Workshop)
- the Heads of National Training Institutes (HoTI) hosted in Budapest, Hungary, the event was attended by **21** EU MS Directors, Deputies or Managers of law enforcement training institutions and leadership programmes. The event curriculum comprised a range of expert sessions covering policing leadership, skills and competencies, training needs and international law enforcement cooperation across current EU operational, organisational and political topics and issues, including the Future Leader Assignments.

**EU CSDP Police Command and Planning Course** attended by **28** participants responds to the training needs defined by the European External Action Service catering for operational needs of the EU missions aiming to develop necessary competencies for deployment on high level positions within the CSDP civilian crisis management missions or to relevant EU bodies dealing with crisis management.

## 2) CEPOL 15th Anniversary Research and Science Conference

The Annual **CEPOL Research and Science Conference 2016: Global Trends in Law Enforcement Education and Training** - a widely acknowledged event offering a dialogue between science and educational practice for law enforcement - was organised in cooperation with the Hungarian National University of Public Services.

Aiming at bringing together leading practitioners, scholars and educators from law enforcement and academia, the event attracted almost 200 participants from all continents, featuring keynotes among others by Secretary General of Interpol Mr. Stock and Europol Director Mr. Wainwright. Main track contribution were live-streamed and they included presentations from European Member States, Australia, Brazil, China, South Africa and the United States. The programme offered 75 papers in main track and open paper sessions.

### Grants

Residential activities continued to be implemented via grants mechanism, however the trend of a shared responsibility for implementation between CEPOL and the Framework Partners continued – alongside with grants (54 activities), CEPOL implemented 33 activities (in cooperation with Framework Partners through joint procurement -13 activities, by CEPOL - 20 activities).

As planned, there was one Call for Applications for 2016 activities, and resulted in signature of **49** grant agreements for the implementation of **54** activities. All grants have been implemented as planned.

The average time taken to notify the applicants on the grant decisions is two months from the deadline for submitting applications. From the moment of notifying the applicants on the grant decision, the average time taken to sign the grant agreement by both parties, is one month.

Reflecting the extended CEPOL's target group following the new mandate, the scope of Framework Partnership Agreements was widened in order to encompass EU law enforcement agencies and training institutions as well as research institutes and public universities that have working agreements with EU law enforcement institutions. Therefore, a Call for Framework Partners (FP) 2017-2020 was launched and finalised in 2016 resulting in **60** FPs, which represents a significant increase comparing to **35** previous FPs.

### CEPOL Exchange Programme

The current Erasmus-style CEPOL Exchange Programme (CEP) was established by Council Conclusions in 2010<sup>7</sup>. The Council tasked CEPOL to implement the CEP and envisioned additional 5M€ for its implementation. Although it was a new task, no additional resources were given to the agency; hence CEPOL has been implementing the CEP using its core budget. Its limitations affect the extent to which the programme can be implemented hence negative priorities need to be applied (30% of applications for CEP could not be implemented within the given budget).

The CEP reflects the requirements of the Union's internal security strategy and the EU Policy Cycle on serious and organised crime. Thematic areas of study are synchronised with EU priorities and CEPOL's overall training portfolio. This alignment enables the exchange programme to complement CEPOL's other training options contributing to the agency's multi-layered approach to learning.

CEP allows participants to exchange knowledge and good practices, initiating cooperation projects and fostering deep and long-lasting learning and networking. Notably, exchanges successfully promote trust and cooperation between law enforcement staff from different police

<sup>7</sup> Conclusion of the Council of European Union of 13 April 2010 on the exchange programme for police officers inspired by Erasmus, 8309/1/10 REV 1 ENFOPOL 93

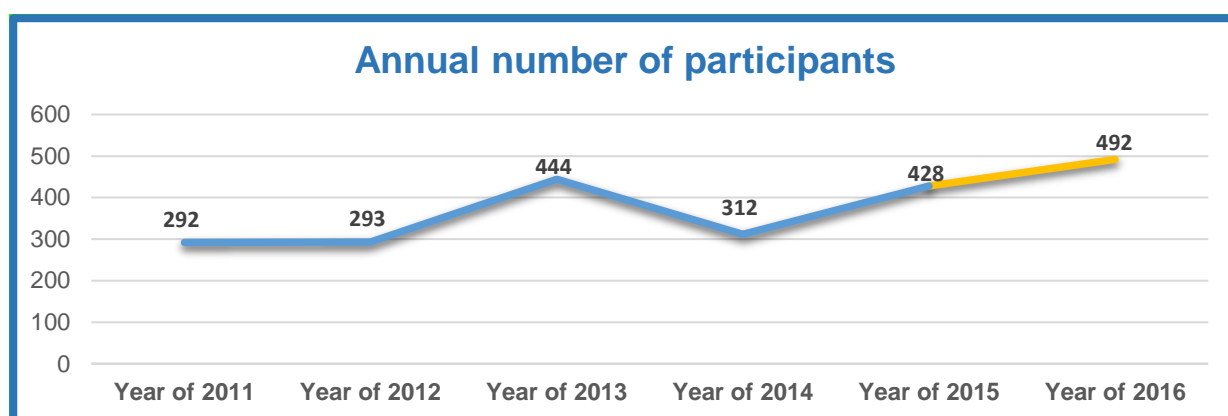


services. The programme fulfils one of CEPOL's key objectives in developing a European police culture; exchanges increase appreciation of different cultures, remove biases and break down barriers.

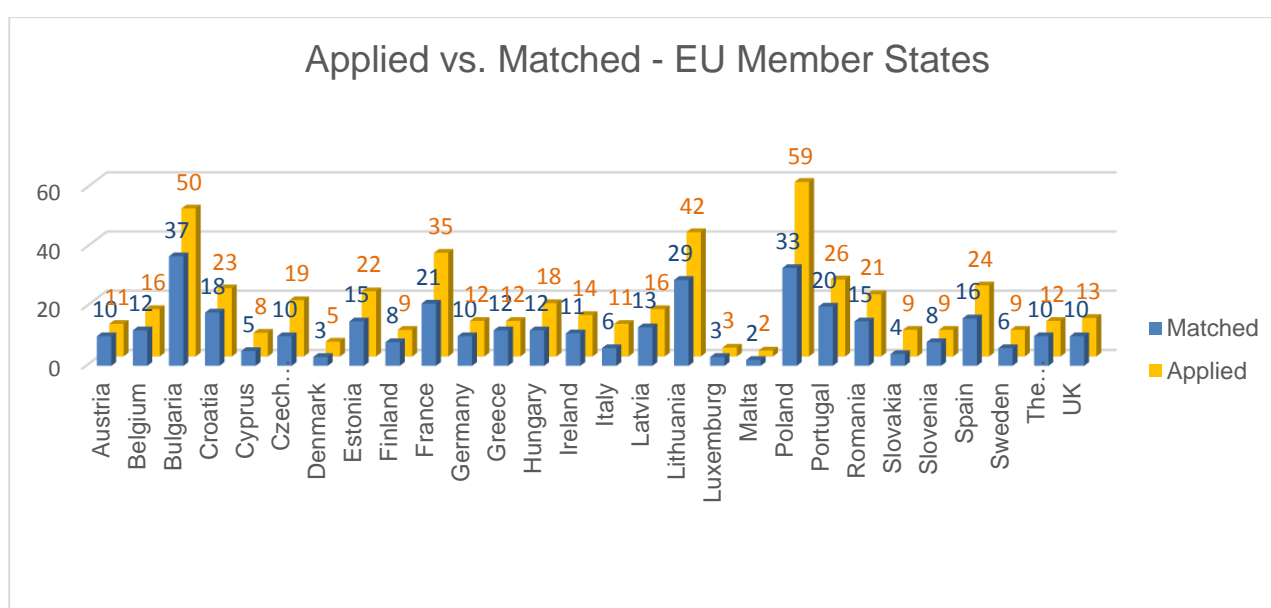
The 5-year external evaluation completed in 2015 reported that exchange programme-related activities were fully relevant to the needs of participants and was considered as a highly relevant programme for the law enforcement area.

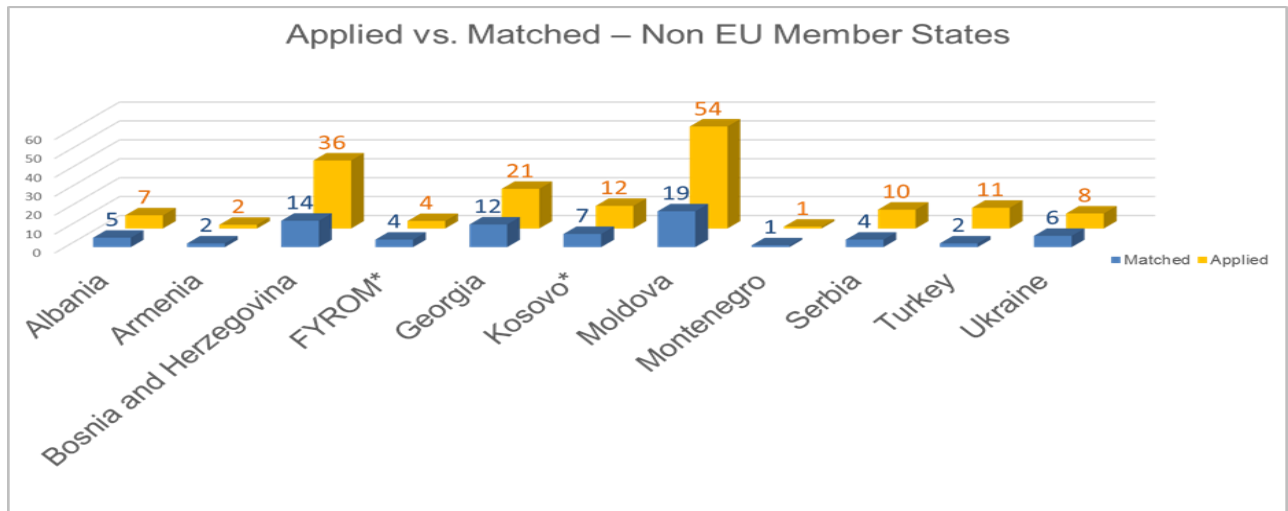
In 2016 all partners (EU Member States, EU Candidate Countries, Western Balkan and European Eastern Partnership countries) submitted a record high number of applications (676). Within the available budget it was possible to implement **492** exchanges comprising:

- **435** exchanges for law enforcement officers
- **18** participants from the Future Leaders course
- **39** participants took part in the study visit to Europol/Eurojust.



The aspiration was to involve all countries, all thematic areas in the programme. The outcome to accommodate this need is shown in the below graphs (data apply to exchange programme applicants only, the study visit participants are not included).

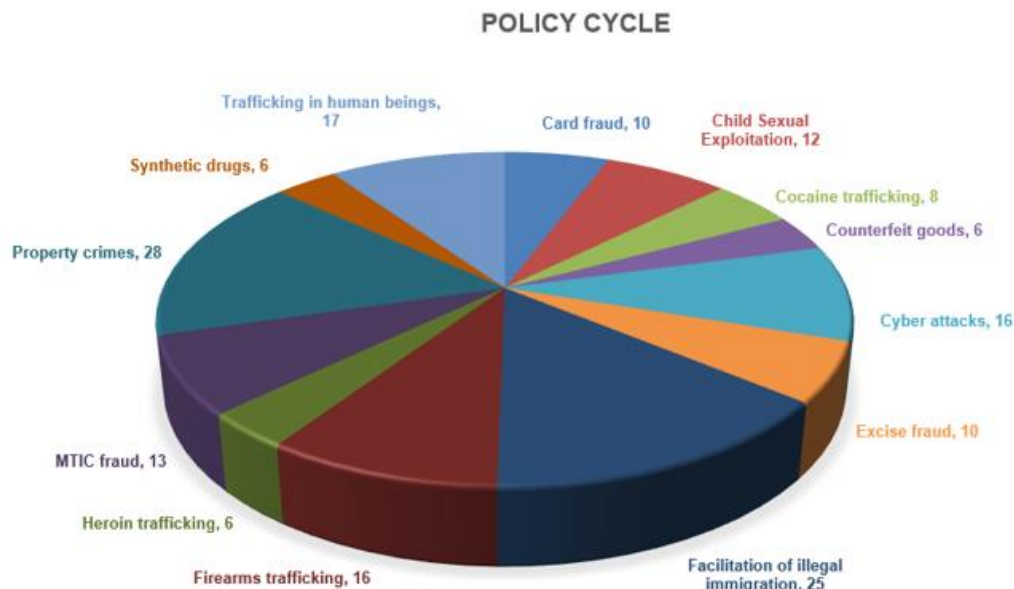




\*The Former Yugoslav Republic of Macedonia

\*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

A priority was given to the categories under the EU Policy Cycle, particularly the exchange needs identified by the Policy Cycle EMPACT Teams. In total **173** exchanges (35% of the entire programme) were supporting the EMPACT priorities, the distribution of the exchanges per priority is given below:



## (Common) Curricula/Training manuals

In 2016 CEPOL continued to maintain 9 (common) curricula. Two new course curricula were developed that have a similar aim and effect, i.e. standardisation of knowledge:

- a curriculum on Strategic Analysis in the context of Drug Markets and Drug Crime developed in close cooperation with EMCDDA; and
- a blended Certified Training Programme for Hate Crime Trainers was developed with the input of six MS, FRA and ODIHR. The curriculum entails learning through e-learning module and a residential activity.

## Use of e-learning systems

2016 CEPOL e-Learning users per activity	N users
Webinars	10,889
Online modules	3,329
Online Course	72
<b>Total</b>	<b>14,290</b>

CEPOL **webinars** as a comprehensive training service have continued to evolve in 2016. With **87** webinars implemented (32% increase from 2015), a total attendance of **10,889** at CEPOL webinars has been achieved (62% increase from 2015). The perceived quality of the CEPOL webinars remained the same with a **94%** satisfaction level of the webinars' attendees.

All webinars are recorded and made available on the learning management system (LMS) of CEPOL's e-Net - users can more easily find recorded webinars and play them instantly from desktop, laptops and mobile devices as well as embed them into other trainings such as residential activities and online courses. As of the end of 2016 there are **208** recorded webinars available and they have been accessed **19,608** times.

In 2016 the **Police English Language online course** including certification from British Council was implemented for the second year in succession. **72** participants completed the online course, which for the first time included a comprehensive module on Cybercrime (developed in cooperation with the European Cybercrime Training and Education Group).

In 2016 CEPOL ensured **27 online modules**. The online modules have seen **3,329** users throughout the year, which is an increase of 23% compared to 2015. In 2016 CEPOL performed the following;

- developed and made available two new modules (on Firearms and on Migration), as well as hosted a 3rd party module on professional network of Airpol.
- developed content for two new online module (on Synthetic Drugs and on Hate Crime); began updating of the existing Europol online module. These modules will become available in 2017.

With the increased potential of online learning and training, the needs to facilitate these activities evolve for CEPOL's electronic network, or **e-Net** as the main platform to offer CEPOL's e-learning solutions.

In 2016, an expert group consisting of MS experts and academic consultants was established for the development of the functional and technical requirements of the next generation of e-Net. The Group provided options for the technical architecture for which e-Net can be developed on the basis of which the specifications for e-Net based on the preferred ICT architecture will be drafted in 2017.



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## Quality assurance of learning – education and training

Evaluation is the integral component of the CEPOL training process supporting the establishment of business needs, identification of training/performance gaps and the planning and implementation of the training and learning products.

Following a consultation with the CEPOL stakeholders in May 2016 the Governing Board approved the revised CEPOL training evaluation methodology with the new feedback templates that are to be used from 2017.

The adopted methodology at the same time:

- ensures continuity with the former assessment system by applying the Kirkpatrick's model and retaining the two-step evaluation model scheme,
- and strengthens the CEPOL's quality assurance system by launching the individual assessment of trainers and gradual introduction of mandatory testing in relevant residential activities (6 courses are to be tested in 2017).

CEPOL evaluates the quality and efficiency of learning and training products in a coherent and comprehensive way applying the same logic throughout the assessment while acknowledging the differences of the various training and learning options.

## CEPOL will be developed into a European law enforcement knowledge base

In 2016 the agency continued to work towards becoming a trusted repository for law enforcement knowledge and best practice by offering various products and services, such as:

- registered users of the CEPOL e-Net had online access to **17** European and international titles of e-journals covering multiple access of police science, law enforcement and criminal justice. In addition articles of more than **300** international journals are accessible through a criminal justice abstracts service;
- CEPOL e-Library, comprising **1908** items, where users can find research outcomes and studies from the institutions of the Member States;
- Scientific and research articles are regularly published in the peer-reviewed European Police Science and Research Bulletin, which has gained increased acknowledgement in the scholarly community. **3** issues of the Bulletin were published in 2016
- Other successful forums for exchange of leading expertise were the Annual CEPOL Research and Science Conference attended by almost **200** participants and the workshop of the European Expert Network on Radicalism and Terrorism, which was hosted by CEPOL and was attended by **69** participants.
- Finally in March 2016 the online version of the CEPOL Lecturers, Trainers and Researchers Database was successfully launched. Experts in various specialised areas can now be invited and enrol themselves in the online-database, where organisers of learning activities in the CEPOL environment are given the privilege to search in the competence profile of experts, supporting their programming efforts. Since its online launch, there has been a remarkable increase in making use of this tool.

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## 1.3 External Relations

Strategy Goal 2: “Strengthening the CEPOL network and enhancing the external relations”		
Specific activities for Goal 2		Performance indicator
2.1	Enhance Network Experts’ involvement in activities related to Third Countries	Involvement of CEPOL network engaged per each Fact Finding Mission Target: 80% Progress: N/A (no missions needed)
2.2	Extend cooperation to European Neighbourhood Partnership countries, in particular Southern countries, as well as Strategic Partners of the EU	MENA training activities delivered to partner countries in the region Target: 80%; Progress: 100% (all 2016 planned activities achieved, with 92% general satisfaction rate) Working Arrangement stipulated with a Strategic Partner Target: 1; Progress: 1 (draft WA with the Federal Law Enforcement Training Centre of the US) Working Arrangement stipulated with a Southern ENP Partner Target: 1; Progress: 1 (draft WA with Tunisia)
2.3	Maintain close dialogue and cooperation with, as well as responsiveness to, the needs and inputs formulated by EU institutions and other JHA agencies	CEPOL-led JHA Scorecard activities implemented Target: 80%; Progress: 82% (9 out of 11 CEPOL-led activities implemented)

### External relations will be considered and dealt with as the corner stone of partnerships

In the first semester of 2016, the interpretation of the combined provisions of art. 8 of Council Decision 2005/681/JHA and art. 36 (2) of Regulation (EU) 2015/2219 determined CEPOL’s temporary inability to conclude any working arrangement with authorities or training institutes of third countries until the date of application of the new CEPOL regulation, set for the 1 July 2016.

Following this date, the negotiations continued with a new impetus. Based on Article 34 of the CEPOL regulation, five drafts have been finalized on technical level and were submitted officially for consultation to the Commission (draft working arrangements with the Former Yugoslav Republic of Macedonia, Kosovo\*, Serbia, Armenia and the European Judicial Training Network).

As for the draft working arrangement with the Ukraine, the drafts were aligned to the new regulation and sent to the respective partners, with no official reactions received to date, though.

Another novelty brought along by the new legal mandate of CEPOL is the change in the status of the three EU Member States which are not bound by the CEPOL regulation (i.e. Denmark, Ireland and the UK). As of 1 July 2016, these Member States have essentially become third states in relation to CEPOL. In order to ensure the participation of these Member States in CEPOL to the greatest extent possible, the Executive Director has sent them letters in early July outlining the possibility to conclude working arrangements as a possible further basis for cooperation, specifying, in particular, the nature, extent and manner of their participation in CEPOL’s work. The issue remains pending with Denmark and the UK.<sup>8</sup>

As for organisations, in the last month negotiations were ongoing with the European Security and Defence College and UNODC, all of which has a good chance to be concluded soon.

<sup>8</sup> Ireland has opted back in the second semester of 2016.

Relations with the Middle East and North Africa have also intensified, especially in the context of the MENA project, which is specifically reported upon later on in this document. There had been preliminary contacts with the Israeli, Lebanese and Tunisian authorities towards the possibility of stipulating a working arrangement, however further reactions are awaited from their side.

**CEPOL's External Relations Cooperation\*<sup>9</sup>**

Overview of CEPOL's cooperation and working agreements		
Country/entity	Type of cooperation	Status
Albania	Working arrangement	In force
Armenia	Working arrangement	Negotiation finalised, ready for signature
Bosnia and Herzegovina	Working arrangement	In force
The former Yugoslav Republic of Macedonia	Working arrangement	Negotiation finalised, ready for signature
Georgia	Cooperation agreement	In force
Iceland	Cooperation agreement	In force
Kosovo <sup>10</sup>	Working arrangement	Signed on 24 March 2017
Lebanon	Working arrangement	Preparatory phase
Mexico	Informal cooperation	Preparatory phase
Moldova	Working arrangement	In force
Montenegro	Cooperation agreement	In force
Norway	Cooperation agreement	In force
Russian Federation	Working arrangement	In force
Serbia (Republic of)	Working arrangement	Negotiation finalised, ready for signature
South Africa	Informal cooperation	Preparatory phase
Switzerland	Cooperation agreement	In force
Turkey	Cooperation agreement	In force
Ukraine	Working arrangement	Under negotiation
USA FLETC	Working arrangement	Negotiation initiated
AEPC	Memorandum of understanding	In force
EJTN	Working arrangement	Signed on 15 February 2017
ENFSI	Memorandum of understanding	In force, amendment in preparatory phase
ESDC	Working arrangement	Negotiation finalised, under approval in written procedure with the MB
eu-LISA	Working arrangement	In force
Eurojust	Cooperation agreement	In force
Europol	Cooperation agreement	In force
Frontex	Cooperation agreement	In force
Interpol	Cooperation agreement	In force, amendment in preparatory phase
PCC-SEE	Informal cooperation	In force
UNODC	Working arrangement	Under negotiation

## Relations with the EU institutions

CEPOL continues to work in close collaboration with the European Commission and, in particular, with its partner Directorate-General, the DG for Migration and Home Affairs (DG HOME), on all aspects of the agency's activities, be they administrative, financial or operation/policy oriented. A working arrangement (not covered by the scope of Article 34 of the new regulation) for cooperation on external action activities between DG HOME and CEPOL was signed on 14 November 2016.

<sup>9</sup> Some beneficiary countries of the MENA project have not been included in this overview as only very preliminary contacts have been made in terms of formal cooperation.

<sup>10</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

## JHA agencies coordination and cooperation with other EU bodies

### JHA agencies coordination

Under the FRA chairmanship, CEPOL took part in the JHA agencies meetings (in June and September), where the representatives of the nine participating agencies, the Commission (DG HOME and DG JUST) and EEAS shared information about the recent activities in their areas of responsibility.

The network keeps up-to-date various analytical tools, such as Scorecard, Index of Analytical Reports, Foreign Terrorist Fighters toolbox, etc.

CEPOL achieved a significant step towards better coordination of training activities for law enforcement officials carried out by EU agencies, by developing the online Justice and Home Affairs Agencies' Training Matrix, which has been finalised and is currently being used. All the JHA agencies, as well as the ESDC and EJTN, are being invited to contribute to the Training Matrix. To date, 3 agencies (Eurojust, EIGE and FRA) have not uploaded activities yet, while EJTN's formal accession to the Matrix is under preparation.

The Training Matrix is a joint JHA agencies' tool hosted on CEPOL's e-Net. It can be accessed by registered users. The European Commission (DG HOME) has also been invited to nominate users and to grant access to the tool.

The Training Matrix functions as a mapping tool for the existing and planned training activities at the EU level. It enhances the understanding of partner agencies' actions and helps in the identification of the training needs and gaps. In the future, this tool should facilitate a more efficient planning, implementation and evaluation of training activities, both at policy and operational level. An upgrade to the Matrix, allowing for bulk upload of entries has been finalized in March 2017.

### Activities implemented in cooperation with other agencies and partners

CEPOL's engagement with regional and international organisations has continued, with a number of activities involving the participation of international partners. CEPOL is supporting and advising the PCC-SEE, organising a JITS activity for their contracting parties and is testing the e-Learning modules developed for them. Until this day, the informal cooperation with the ETJN focuses mainly on JITS activity. CEPOL is considering enhancing this cooperation (with e-Learning products, webinars).

CEPOL has signed agreements with eu-LISA and Europol concerning jointly organised training activities for the year 2016.

## The EU/MENA Counter-Terrorism Training Partnership project

CEPOL started implementing the EU/MENA Counter-Terrorism Training Partnership programme in November 2015, via projects with the beneficiary countries in the region of Middle East and North Africa, notably Jordan, Lebanon, Tunisia and Turkey.

The programme aims at building the capacity of law enforcement services and other relevant personnel (such as judges, prosecutors and security services personnel whose tasks include a role in judicial investigations) by offering a direct, truly multilateral European approach to good practices in the field of counter-terrorism via tailor-made learning and training activities based on CEPOL's tried-and-tested learning methodologies and training products such as specialist residential training courses and staff exchange programmes.

The overall objective of this programme is to sustain institutional capacity in the target countries' law enforcement services to prevent and prosecute terrorism offences. Its specific objectives include:

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- Raising knowledge, skills and competencies of MENA in tackling specific priorities in the fight against terrorism, with particular regard to Rule of Law based investigations and prosecutions;
- The creation of sustainable professional networks building upon the practical exchange of professional experiences across the region and with the EU Member States.

The programme duration is 24 months commencing with 15 November 2015 and the overall budget of the action is 2,490,504 Euros.

In 2016 the inception phase was completed, CEPOL managed to:

- Establish functioning cooperation with all relevant interlocutors of the beneficiary countries and provide solid ground for organizing latter activities
- Draft work programs and get them approved by interlocutors
- Work in smooth collaboration with European Union Delegations
- Map parallel projects, donor activities in the same domain so as to avoid any duplication.

The budget and program review took place in line with the work program and an addendum to the Grant Agreement was signed in October 2016, referring to:

- Extension of the programme till 15 November, 2017
- Extended actions (from 12 residential activities and thematic courses to 24)
- Reviewed budget in line with the business needs, but without the need for additional financial resources.

To achieve its objectives, the programme is structured along the following main components:

#### ***Component 1: Thematic Residential Courses***

- Identification of training needs and development of country specific training action plans;
- Thematic, country-specific made courses and seminars on international law enforcement and judicial cooperation instruments, investigative techniques, information sharing and exchange, terrorism financing, and links between organised crime and terrorism;
- Specialist courses on selected topics.

Under this component, CEPOL intends to implement at least 18 residential activities, for an approximate number of 450 trainees. In 2016, CEPOL implemented 11 residential activities (courses and workshops) for 248 officers.

#### ***Component 2: Enhanced Law Enforcement Staff Exchanges and reinforced cooperation and networking in the area of training***

- Bilateral (as well as unilateral) staff exchange programmes between EU member states law enforcement services and corresponding MENA law enforcement services;
- Bilateral staff exchange programmes between MENA services, on condition that this is mutually accepted by partners;
- Study Visits to European Union agencies (Europol, Eurojust, Frontex) and/or other International Organisations as appropriate
- Study visits to relevant EU National services as well as Brussels-based institutions and/or bodies.
- Thematic courses focusing on learning and training methodologies, curricula development and others, which may include Train-the-Trainers options.

Under this component, CEPOL intends to mobilise approximately 300 participants between study visits and exchanges (with a minimum of 4 study visits), and organise at least 6 thematic courses

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for approximately 150 participants. In 2016 CEPOL implemented 2 study visits for 10 participants; 1 combined study visit and thematic course for 12 officers; 2 exchange elements for 11 officers.

Overview of performance indicators for each of the two programme components, as well as achievements in 2016, is provided below.

	Component 1		Component 2	
	Project Indicators	Achievements in 2016	Project Indicators	Achievements in 2016
<b>Activity</b>	18 residential activities	11 residential activities	At least 4 study visits, 6 thematic/Train of trainers course	2 study visit, 1 combined study visit and thematic course; 2 exchange elements
	85% general participant satisfaction/positive feedbacks	92%, positive feedbacks: unique opportunities, needs for more courses/activities	Positive participant's feedbacks	Positive feedbacks: better understanding the European strategy, methodology used has been beneficial for participants and their organisations and they will be able to use all this information in their work.
<b>Participants</b>	450	248	Study visit: 100; Thematic course/Train of Trainers: 150; Exchanges: 200; Total: 450	Study visit: 10; Combined study visit and thematic course 12; Exchange: 11; Total: 33

## The EUROMED Police IV

CEPOL attended the kick-off meeting on 27 May 2016 in Brussels and has developed proposals to the Euromed team in relation to e-Net procurement.

The Euromed project team visited CEPOL on 29 September 2016 to explore possibilities of CEPOL involvement in the project.

The exchanges foreseen under Euromed is under development and would start by the end of 2017 at the earliest.



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## Part II. (a) Management and Governance

Strategy Goal 3: “Maintaining and improving the effectiveness of the current governance structures and processes whilst preparing for future commitments”		
Specific activities for Goal 3		Performance indicator
3.1	Ensuring business continuity whilst adjusting to the requirements of the agency's new mandate	Implementation of change management plan actions foreseen for the year 2016 Target: 80% Progress: 62%
3.2	Developing and strengthening the internal control mechanism	Implementation of Internal Control Plan Target 2016: 100% Progress: 100% Timely closure of audit recommendations Target 2016: 100% Progress: 100%
3.3	Ensuring full deployment of CEPOL's Human Resources capacity	Implementation of the Establishment Plan Target: 95% Progress: 90%
3.4	Enhancing CEPOL's operational support and administrative capacities	Timely implementation of the Enterprise Content Management project (ECM) and the ISO 9001:2015 project (certification of the CEPOL Management System) Target: 80% Progress: 0% (ECM project on hold) Progress: 100% (ISO project)

### 2.1 Agency Governance

The Governing Board has issued 22 decisions under the Netherlands Presidency (11 adopted by written procedure, 1 during the virtual Governing Board meeting and 10 during the 35th Governing Board Meeting 24-25 May 2016 in The Hague, the Netherlands).

One virtual / web meeting of the Governing Board was organised on 10 March 2016, where the Governing Board (acting as Management Board in line with art. 37 of the CEPOL Regulation) decided on the [new CEPOL logo](#).

The new CEPOL Management Board has issued 17 decisions under the Slovak Presidency (14 adopted by written procedure and 3 during the 1st Management Board Meeting which took place from 10 to 11 November 2016 in Bratislava, Slovak Republic).

In 2016, the Executive Director took 47 administrative decisions. These included decisions on grant procedures, working groups, budget implementation, appraisal exercise, and delegation of roles in the financial workflow.

A strategic workshop featuring members of the CEPOL Management Team and the Chair of the Governing Board was held in January 2016, to finalise the '[Management Plan and Risk Register](#)', and to discuss priorities for the future strategy of the Agency.

Following an initiative by the Chair of the Management Board, an Expert Group has been instigated with the objective of developing [the new CEPOL strategy](#). The group held two

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meetings at CEPOL Headquarters, during February and March, and has defined the Mission, Vision and the Values of CEPOL. It has also agreed on the general structure and the terminology and has set (4) multiannual objectives. The group completed its work and handed over a draft strategy for further elaboration by CEPOL staff.

The Agency initiated two successive rounds of consultations with the Member States and a number of comments and suggestions were received. The Agency has evaluated the input received during the consultation process and incorporated the parts that were aligned to the original work produced by the Expert Group. The resulting text, has been placed under Section II of the SPD 2018 (the Multiannual Programming), which has been put forward for adoption during the 1st MB meeting.

After the adoption of the new CEPOL legal mandate, regulation (EC) 2015/2219, the 34th Governing Board approved the Change Management Plan, thus endorsing the creation of **Centres of Excellence (CoE)**.

The concept of **Centres of Excellence**<sup>11</sup> has been introduced by the European Commission in its Communication on the Law Enforcement Training Scheme (LETS)<sup>12</sup>, calling on CEPOL to become the EU centre of excellence and cooperate/coordinate the work with national centres of excellence. Although LETS principles per se, are not explicitly spelled out in the final text of the CEPOL Regulation<sup>13</sup>, the preamble (3) requires “that a set of general principles should represent the European Law Enforcement Training Scheme, which aims to ensure that Union level training for law enforcement officials is of high quality, coherent and consistent.”

A Working Group for Centres of Excellence/ Centres of Knowledge has been established in accordance with the new CEPOL legal mandate (Regulation EC 2015/2219) by GB decision 18-2016-GB.

The overall purpose of the Working Group would be to identify practical ways in the establishment and operations of the Centres of Excellence and the impact and the workflow for Framework Partners, CEPOL and the National Units. It could provide to the Agency the necessary information for the establishment and operations of the Centres of Excellence. The WG deliverables are expected to be presented to the MB in May 2017.

## 2.2 Major developments

### Change management

In the run up to the entry into force of the CEPOL Regulation, the Governing Board has adopted a Change Management Plan. The plan outlines the necessary steps to best prepare CEPOL for the implementation of its legal mandate. It comprises 35 measures across three different areas:

1. Governance and Stakeholder Relations (14 measures)
2. Human Resources and Administration (10 measures)
3. Core Business (11 measures)

Since the approval of the Change Management Plan, CEPOL has been working on the implementation of the measures foreseen. Notably, preparations have been made with regard to the renewed planning and programming timelines, the Management Board has been established, the amended Rules of Procedure for the Management Board were adopted.

<sup>11</sup> Further use of the term ‘Centre of Excellence’ is without prejudice to further decision that may amend the term.

<sup>12</sup> COM (2013) 172 final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Establishing a European Law Enforcement Training Scheme, Brussels, 27.3.2013

<sup>13</sup> OJ L319/1 Regulation (EU) 2015/2219 of the European Parliament and of the Council of 25 November 2015 on the European Union Agency for Law Enforcement Training (CEPOL) and replacing and repealing Council Decision 2005/681/JHA



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The issue of voting arrangements during the transitional period (prior to the entry into force of the new Regulation) was also settled by a legal opinion obtained by the European Commission. The new voting arrangements were used for the first time during the virtual Governing Board held on 10 March 2016.

At the time this report is being drafted, the majority of the activities (62%) have already been completed; others are on-track, either 'Ongoing' or 'Planned' (38%).

## Organisational changes

In 2016 the MB adopted a new organisation chart of CEPOL (detailed in the SPD document 2017-2019), based on the following considerations:

- Need to reinforce the Training and Research Unit (TRU) in view of the growth of the existing tasks and the addition of new tasks, as a result of the new legal mandate of CEPOL. In that respect, it is noted that the new structure allows for re-allocation of posts including a post of senior policy officer for the TRU unit;
- Need to create in-house structure focused on the implementation of projects similar to the nature of the MENA project;
- Need to have the areas of Planning, External Relations Governance and Communication followed directly by the management;
- Better distribution of management responsibility within the Corporate Service Department (CSD).

This is a purely internal re-allocation of tasks and responsibilities to improve the structural setup of the organisation.

## Quality Management

The Agency has committed resources to certify its Management System according to the updated international standard ISO 9001:2015. The project was successfully completed in 2016, the certificate was issued on 2<sup>nd</sup> February 2017 after a sequence of internal and external audits.

An in-depth focus was given to management consistency and improvement of internal processes, which further advanced compliance with principles of legality and regularity.

This strategic achievement helps CEPOL to demonstrate its high commitment to quality and stakeholder satisfaction, especially in the management of Residential Activities and the Exchange Programme.

The ISO 9001:2015 certificate was issued by Lloyd's Register Quality Assurance, it is valid for three years and subject to annual surveillance audits.

## Data Protection

CEPOL is committed to collect and use personal data in a responsible, secure and fair way. In 2016 further progress was achieved in the core business and support services areas.

The following CEPOL operations have improved personal data processing and overall compliance:

- Management of Residential Activities (evaluation methodology, training needs survey)
- Management of Research & Science (The Lecturers, Trainers and Researchers Database)
- Management of e-Learning (webinar needs analysis)

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- Management of the CEPOL Exchange Programme
- Management of the Human Resources (recruitment, staff feedback collection, audio recordings)
- Management of Communications Support (photo sharing, filming)
- Management of declarations of interest and CVs (website publication)

Dedicated contribution to build capacity of the EU law enforcement officers was made through webinar no. 77/2016, 'Data Protection and Handling/Processing of Personal data according to EU Legislation'.

Collaboration with the Network of the Data Protection Officers (DPO) of the EU agencies and institutions is ongoing, as well with the European Data Protection Supervisor (EDPS). Input was provided to the DPO Network on the resourcing of the DPO function at CEPOL, and on the lessons learnt from the Agency's relocation. The first meeting of the DPOs of the EU law enforcement agencies was organised to enhance topic-based collaboration and prioritisation.

Support was provided to a complaint investigation by the EDPS, related to personal data processing in incoming correspondence handling.

## Stakeholder relations

The 14th National Contact Point (NCP) meeting took place in April 2016, in the Hague, Netherlands, chaired by the Dutch Presidency, and attended by CEPOL management and staff. In addition to discussing key sub- strategies in the areas of External Relations and Communications, the NCPs also held technical workshops on 1) the promotion of CEPOL activities within the Member States; 2) the future Centres of Excellence; 3) the new Evaluation methodology. The meeting was combined with a joint session with the Heads of Europol National Units (HENUs), where NCPs and their Europol correspondents had a chance to analyse common challenges in view of stronger partnerships between the operational and training law enforcement constituencies.

The annual Stakeholders meeting took place on 12 July in Budapest, under the chairing of the Deputy Chairperson of the CEPOLs Management Board. The new legal framework of CEPOL was presented. An update was given by DG HOME on the Strategic Training Needs Analysis. CEPOL gave an update on the progress of the MENA project, presented the training catalogue 2017 and distributed information on the Programme Planning 2017/2018, framework partners and grants. FRA provided the participants with the developments of the JHA Agencies Network. There were presentations of common interest by OSCE on its training activities, PCC SEE on its relevant activities, DCAF (border security programme) and UNODC (LE TrainNet - Law Enforcement Training Network Initiative).

The 1st CEPOL National Unit (CNU) meeting was organised in September 2016, in Budapest, Hungary, chaired by the Slovak Presidency and attended by CEPOL management and staff. In addition to discussing planning, budgeting, operational and educational matters, the CNUs also held technical workshops on 1) the CEPOL Regulation 2015/2219 2) New Decision replacing GB Decision 30/2006/GB, 3) Change of EPEP to European Law Enforcement Exchange Programme.

## Communication

Communications was used throughout 2016 to promote the new CEPOL and build its reputation as a platform of excellence for learning. In order to raise the profile of the agency, CEPOL communications drafted and implemented a new communications sub-strategy that was approved by GB.

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Moreover, in 2016, CEPOL implemented the changes in its corporate and visual identity agreed by the Governing Board as a result of the “re-branding” project started by the agency in 2015. CEPOL has now a brand new logo and a Corporate Identity Manual (CIM) setting guidelines for the use of the visual elements. The new visual identity was implemented since 1 July 2016 (date of application of CEPOL’s new legal mandate). According to a survey among stakeholders, CEPOL’s new logo and brand identity have been rated 4.25 out of 5 points.

CEPOL built upon its established communications products (e.g. Annual Report; fact sheets; etc.) to provide information to key decision makers. CEPOL communications produced 15 publications and disseminated over 10 700 copies. In addition, CEPOL continued to provide its network partners with promotional materials targeted to course participants: in 2016, CEPOL communications supported 78 in-house activities and 94 events in EU Member States and distributed over 5000 course packs, 2000 promotional gifts for experts/trainers and 700 promotional gifts for guests.

The web continued to be the main communications channel and CEPOL focused on developing communications materials that are web-friendly (for use of public website and e-Net), such as e-books and materials that can be disseminated through handheld devices. CEPOL’s website had over 570 000 visitors, amounting to an average of over 50 000 visitors monthly. Social media were used to a greater extent to advertise and promote the work of the agency and its Network. A social media plan aimed at increasing online visibility (Facebook, Twitter, LinkedIn, YouTube) was adopted and implemented, allowing to reach over 420 000 impressions and 2 600 engagements in the second half of the year. Besides, social media proved to be a success when it comes to the coverage of CEPOL’s biggest event of the year, the R&S Conference, that earned over 80 000 impressions in three days.

Reaching a wider audience and engaging with the new target audience was part of CEPOL’s Communications priorities for 2016. The outsourcing of non-core services was pursued as a matter of priority, to ensure CEPOL’s dedicated resources can focus on articulating and communicating the agency’s key messages.

## Development Projects

### e-NET 3.0

In January 2015 a new project has been launched to redesign CEPOL’s e-Net. The next version of e-Net shall provide educational support to the Agency and its target groups. An open tender procedure for a feasibility study and provision of technical expertise and support in drawing up the tender documentation for e-Net 3.0 has been carried out, and the contract was signed in September 2015.

Following the failure of the contractor to complete qualitatively works for development of e-NET 3.0 tender documentation, it was decided to terminate the contract and engage an expert group for completion of the work. This approach was endorsed by CEPOL Governing Board on 10 March 2016.

Therefore, for the continued development of the functional and technical requirements of the next generation of e-Net, an expert group was established by Decision of the Director 19/2016/DIR on 20 May 2016. Experts from the Institute of Educational Technology from the Open University (UK) have been added to the expert group in a role of academic consultants. The academic consultants together with the expert group members have the following main tasks to perform:

- finalise the development of functional and technical requirements of the next generation of CEPOL’s electronic Network (e-Net 3.0)

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- draft the tender documentation for the open procurement of the development, hosting, support and maintenance of e-Net 3.0.

Based on the work of the expert group, it is expected that the new procurement framework contract for development, hosting, maintenance and support next generation e-Net will be signed in May 2017.

### Customer Relationship Management (CRM) tool

A pilot phase of the Customer Relationship Management tool has been launched in 2015.

CRM is a tool for sharing data and monitoring all CEPOL events where travelling is required (courses, meetings, EPEP, missions). CRM shall replace the current way of working based on manually maintained Excel sheets and storage of documents on P drive.

During the pilot phase of the CRM tool, a roll out was scheduled to be internally applied for missions, in order for CEPOL to gain experience with the tool and with that experience be better prepared for a further roll out to the Member States.

Due to limited human resources capacity to manage the project including lack of ICT staff following ICT Officer resignation, this project was put on hold in 2016.

With the arrival of a new ICT Officer on 1 October 2016 and ongoing recruitment of an IT Systems Manager, it is expected the project will be progressed further in 2017.

### ECM-Enterprise Content Management System

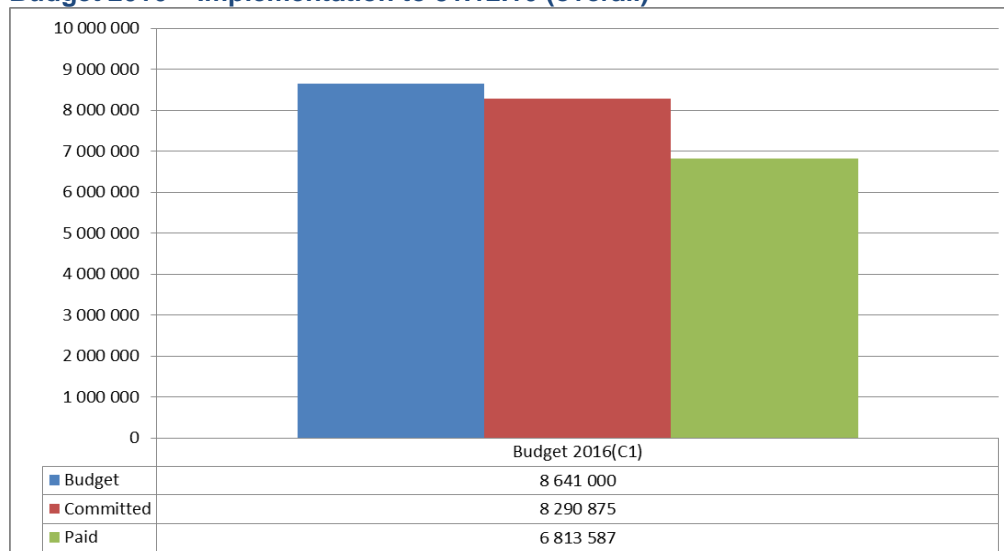
In 2015 the Agency initiated a project aiming to introduce an electronic document management system technology (ECM-Enterprise Content Management System). The tool shall provide a digital platform to manage the document flow.

Like the CRM, this project was not progressed in 2016 due to limited human resources capacity to manage the project, including lack of ICT staff.

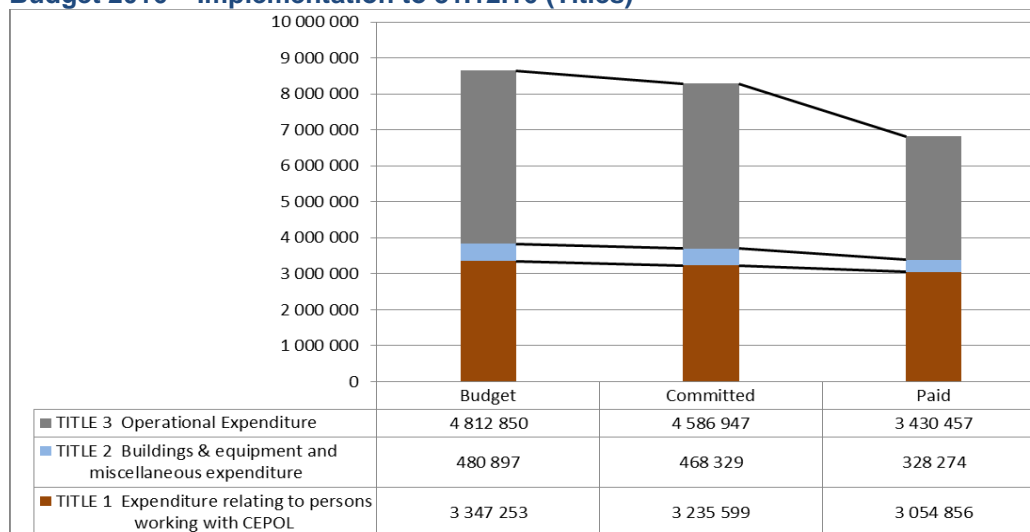
## 2.3 Budgetary and Financial Management

### 2.3.1 Budget 2016 execution - overview

#### Budget 2016 – Implementation to 31.12.16 (overall)



#### Budget 2016 – Implementation to 31.12.16 (Titles)



CEPOL has a total voted budget for 2016 of € 8 641 000.

By the end of December 2016, 95.95% of the C1 budget has been committed, out of which 82% has been paid (79% of the total budget).

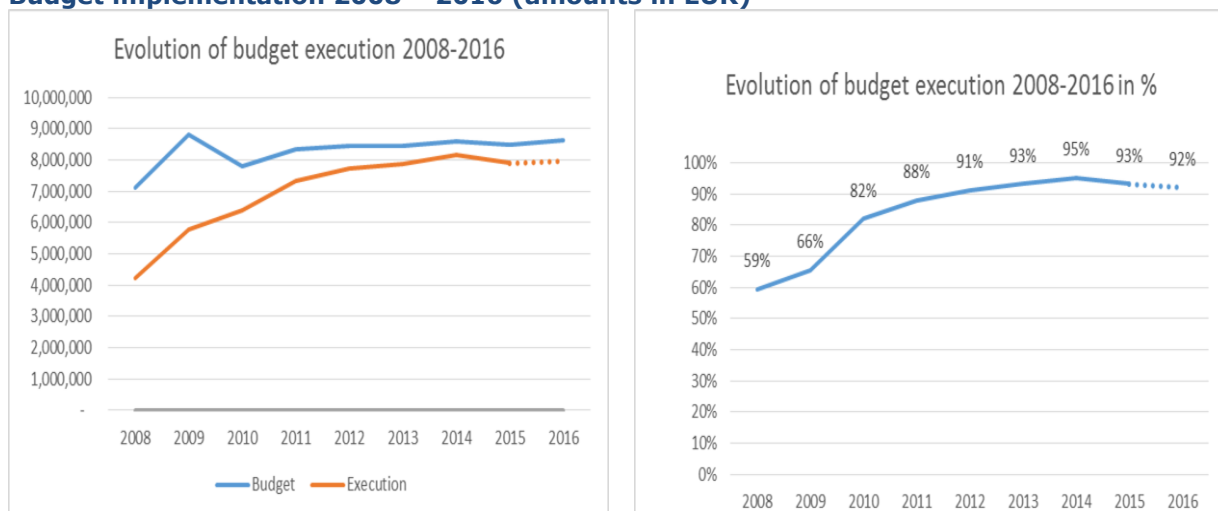
- For Title 1 97% of the C1 credits available has been committed and 91% has been paid.
- For Title 2 97% of the C1 credits has been committed and 68% has been paid.
- For Title 3 95% of the available C1 funds have been committed and 71% has been paid.

A total of € 1,477,288 has been carried over to 2017, amounting to 17% of the overall 2016 budget. The justification of this amount relates to the fact that invoices for the flight scheme and exchanges for the month of November have not been sent correctly by the travel agent; a number of residential activities are organised in the first 2-3 months of 2017 and number of substantial contracts have been signed at the last month of the year.

At the end of December 2016, the total 2015 budget implementation, including carried forward funds from 2015-2016, has reached 93%.

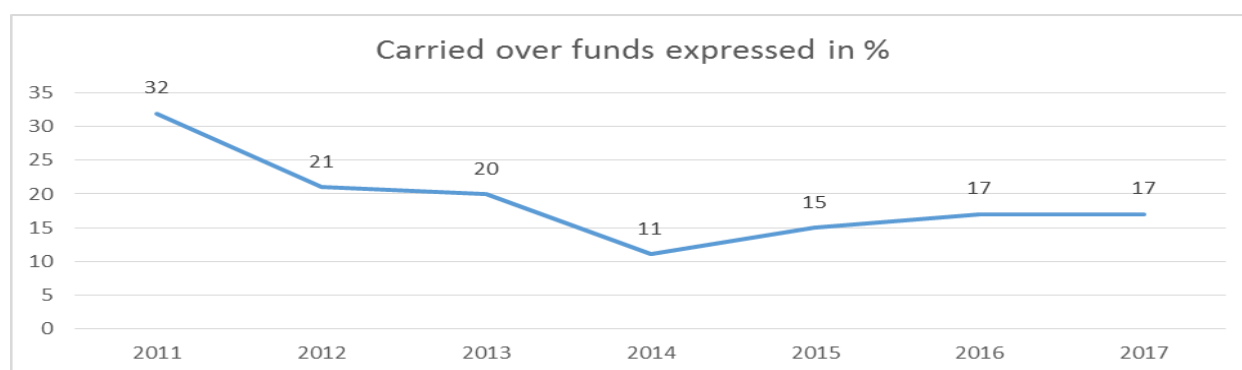
Overview on Budget 2016 execution, status as of 31 December 2016 is provided in Annex II Table A2.1)

#### Budget implementation 2008 – 2016 (amounts in EUR)\*



\* The 2016 consumption of 92% reflects estimation. By the end of the year, the 2016 budget had a consumption rate of 79%; however including the carried over appropriation to 2017, the 2016 budget consumption could reach theoretically 95.95% (commitment level in 2016). The exact budget consumption will be known at the end of 2017.

#### Carry-over of funds 2011-2017





## 2.3.2 Budget 2016 Implementation per Titles

### Title 1: Expenditure relating to persons working with CEPOL

#### Title 1 C1: Regular budget 2016

Regular budget 2016- Staff costs

Budget Implementation		Initial Budget	Budget Transfers	Actual Budget	Committed	%	Paid	% (Compared to budget)	% (Compared to commitments)	Potential Carry over
Regular budget 2016 (C1)		A	B	C	D	D/C	E	E/C	E/D	D-E
<b>1</b>	<b>TITLE 1 Expenditure relating to persons working with CEPOL</b>									
11	Staff in active employment	3 215 000	- 256 047	2 958 953	2 882 455	97%	2 728 264	92%	95%	154 191
13	Missions and duty travel	35 000	0	35 000	34 000	97%	28 929	83%	85%	5 071
14	Socio-Medical Infrastructure	407 800	- 66 500	341 300	310 743	91%	290 058	85%	93%	20 685
16	Social welfare	2 000	5 000	7 000	3 901	56%	3 901	56%	100%	0
17	Entertainment and representation expenses	3 000	2 000	5 000	4 500	90%	3 705	74%	82%	795
<b>1</b>	<b>TITLE 1 Expenditure relating to persons working with CEPOL</b>	<b>3 662 800</b>	<b>- 315 547</b>	<b>3 347 253</b>	<b>3 235 599</b>	<b>97%</b>	<b>3 054 856</b>	<b>91%</b>	<b>94%</b>	<b>180 743</b>

By the end of December 97% of the budget for Title 1 has been committed and 91% paid. CEPOL implemented its first re-classification (promotion) exercise in 2016.

After relocation, some staff members initiated a Court case. An amicable settlement has been reached with 4 ex-staff members in 2015 and a partial payment has been executed (€54,000). The remaining part of the amicable settlement for ex staff members has been paid from the 2016 budget, amounting to almost € 40 000.

This is such a high amount as a result of the difference between the correction coefficients between the UK (on which the amicable settlement is based) and the correction coefficient in Hungary (on which the initial payment was made). With the correction paid in April, the amicable settlement case is considered to be closed. With regard to the remaining legal case, the three staff members decided on an appeal. It is unlikely that this case will be settled before the second half of 2017.

Due to the lower correction coefficient applied in Hungary, the geographical balance of staff is shifting and the Agency is employing more and more Hungarian staff members. This has an impact on staff cost too, resulting that the planned estimates are high. Taking into consideration this fact, it has been decided to transfer unused funds from Title 1 to Title 3 allowing the implementation of additional operational activities in September and to Title 2 in November.

#### Title 1 C8: Amounts carried over from 2015 for payment in 2016

Use of amounts carried over in Title 1

Budget Implementation		Carried Over from 2015 to 2016	Paid	% (Compared to amount carried over)	De-committed (Excess carry over)	%	Still to be paid	Maximum amount to be returned to Commission
Commitments carried over from 2015 to 2016 (C8)		A	B	B/A	C	C/A	D=A-B-C	C+D (=A-B)
<b>1</b>	<b>TITLE 1 Expenditure relating to persons working with CEPOL</b>							
11	Staff in active employment	262 072	248 748	95%	13 324	5%	0	13 324
13	Missions and duty travel	5 002	4 046	81%	956	19%	0	956
14	Schooling and nursery	7 189	0	0%	7 189	100%	0	7 189
16	Social welfare	5 751	4 539	79%	1 212	21%	0	1 212
17	Entertainment and representation expenses	439	44	10%	395	90%	0	395
<b>1</b>	<b>TITLE 1 Expenditure relating to persons working with CEPOL</b>	<b>280 454</b>	<b>257 377</b>	<b>92%</b>	<b>23 076</b>	<b>8%</b>	<b>0</b>	<b>23 076</b>

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€ 23k has been de-committed. The highest overestimates related to recruitment (11k) and schooling (7k).

### Title 1 C4: Internally assigned revenue

Internally assigned revenue is generated where CEPOL recovers overpaid amounts. By the end of December 2016, € 15 716 has been made available for re-use in this way and € 15 445 has been paid.

## Title 2: Buildings & equipment and miscellaneous expenditure

### Title 2 C1: Regular budget 2016

Building & equipment and miscellaneous expenditure

Budget Implementation and Budget Execution		Initial Budget	Budget Transfers	Actual Budget	Committed	Budget Implementation %	Unused	Paid	Budget Execution %	Compared to commitments %	Carry over to 2017
Regular budget 2016 (C1)		A	B	C	D	D/C	C-D	E	E/C	E/D	D-E
<b>TITLE 2 Buildings &amp; equipment and miscellaneous expenditure</b>											
20	Investments in immovable	38 000	- 21 880	16 120	15 902	99%	218	15 582	97%	98%	320
21	Information and communication	290 000	19 931	309 931	305 346	99%	4 585	252 970	82%	83%	52 375
22	Movable property and associated	14 500	- 3 204	11 296	9 760	86%	1 536	8 091	72%	83%	1 668
23	Current administrative	87 000	40 400	127 400	121 172	95%	6 228	38 858	31%	32%	82 314
24	Postal charges	11 500	4 650	16 150	16 150	100%	0	12 772	79%	79%	3 378
2		441 000	39 897	480 897	468 329	97%	12 568	328 274	68%	70%	140 055

By the end of December 97% of the available budget has been committed and 68% of payment credits have been used. In December a budget transfer between titles has been carried out in order to allow for the implementation of consultancy services for an ICT Strategy and for the purchase of 3 multifunctional devices in replacement of the old ones. As the contract for those has been signed in the last weeks of December, the corresponding amounts are carried forward to 2017.

### Title 2 C4: Internally assigned revenue

By the end of December 2016, € 1 469 has been made available for re-use in this way, which could not be used due to the late inscription of the funds.

### Title 2 C8: Amounts carried over from 2015 for payment in 2016

Use of amounts carried over in Title 2

Budget Execution		Carried Over from 2015 to 2016	Paid	% (Compared to amount carried over)	Amount to be returned to Commission
Commitments carried over from 2015 to 2016 (C8)		A	B	B/A	A-B
<b>2 TITLE 2 Buildings &amp; equipment and miscellaneous expenditure</b>					
20	Investments in immovable property & rental of buildings	7 050	6 536	93%	514
21	Information and communication technology expenditure	144 015	113 309	79%	30 706
22	Movable property and associated costs	10 782	8 851	82%	1 931
23	Current administrative expenditure	49 974	44 954	90%	5 020
24	Postal charges	635	564	89%	71
2	<b>TITLE 2 Buildings &amp; equipment and miscellaneous expenditure</b>	<b>212 456</b>	<b>174 214</b>	<b>82%</b>	<b>38 242</b>

Only 15% of the total funds carried over to 2016 correspond to Title 2. The biggest part relates to Chapter 21 – ICT services. The biggest de-commitments relate to Checkpoint firewall, telecommunication services.



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### Title 3 – Operational expenditure

#### Title 3 C1: Regular budget 2016

Title 3 Operational expenditure

Budget Implementation		Initial Budget	Budget Transfers	Actual Budget	Committed	%	Paid	% (Compared to budget)	% (Compared to commitments)	Potential Carry over
Regular budget 2016 (C1)		A	B	C	D	D/C	E	E/C	E/D	D-E
<b>3</b>	<b>TITLE 3 Operational Expenditure</b>									
30	Bodies and organs	234 000	- 35 550	198 450	169 993	86%	145 007	73%	85%	24 986
31	Courses, Flight Schemes, E-Net	3 173 200	300 648	3 473 848	3 314 461	95%	2 435 668	70%	73%	878 793
32	Other programme activities	940 000	- 150 948	789 052	750 993	95%	527 795	67%	70%	223 198
33	Evaluation	0	0	0	0	N.A.	0	N.A.	N.A.	0
35	Missions	140 000	35 000	175 000	175 000	100%	163 955	94%	94%	11 045
37	Other operational activities	50 000	126 500	176 500	176 500	100%	158 032	90%	90%	18 468
<b>3</b>	<b>TITLE 3 Operational Expenditure</b>	<b>4 537 200</b>	<b>275 650</b>	<b>4 812 850</b>	<b>4 586 947</b>	<b>95%</b>	<b>3 430 457</b>	<b>71%</b>	<b>75%</b>	<b>1 156 490</b>

By the end of December 95% of the available budget has been committed. Payments represents 71% of the available payment credits.

During last week of September a budget transfer has been carried out to allow the implementation of additional training and supporting activities. A number of activities will be organised in the first few months of year 2017, therefore the necessary funds are carried forward. Also, invoices from the travel agent were not received for the month of November in due course, therefore for the flight scheme and exchanges, a higher amount than expected has been carried forward to 2017.

#### Title 3 C8: Amounts carried over from 2015 for payment in 2016

Use of amounts carried over in Title 3

Budget Implementation		Carried Over from 2015 to 2016	Paid	% (Compared to amount carried over)	De-committed (Excess carry over)	%	Maximum amount to be returned to Commission
Commitments carried over from 2015 to 2016 (C8)		A	B	B/A	C	C/A	C+D (=A-B)
<b>3</b>	<b>TITLE 3 Operational Expenditure</b>						
30	Bodies and organs	39 763	25 861	65%	13 902	35%	13 902
31	Courses, Flight Schemes, E-Net	599 380	511 759	85%	87 622	15%	87 622
32	Other programme activities	202 442	173 612	86%	28 830	14%	28 830
35	Missions	12 613	12 613	100%	0	0%	0
37	Other operational activities	59 876	51 111	85%	8 765	15%	8 765
<b>3</b>	<b>TITLE 3 Operational Expenditure</b>	<b>914 075</b>	<b>774 956</b>	<b>85%</b>	<b>139 118</b>	<b>15%</b>	<b>139 118</b>

Two thirds of the total funds carried over to 2016 correspond to Title 3, mostly to courses (€ 437k) and travel expenses (€ 63K); e-Learning (€ 99k), E-Net (€ 120k), EPEP (€ 70k), communication activities (€ 60k).

By the end of December 85% of the carried over funds have been paid and about € 139k, corresponding to 15% of the funds carried over, have been cancelled.

#### Title 3 C4: Internally assigned revenue

Internally assigned revenue is generated where CEPOL recovers over paid amounts. By the end of December 2016, € 14 995 has been made available for re-use in this way, out of which € 9 913 has been committed and paid (66%).

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## Title 4 R0: MENA project

In 2015 a new task has been delegated to CEPOL via grant agreement with the European Commission. The project aims at building the capacity of relevant law enforcement services and other relevant personnel in the target countries by offering tailored made learning and training activities in the field of counter-terrorism.

The second instalment has been inscribed in ABAC and became available for commitments and payments. € 1 243 891 is available out of a budget of € 2 490 504. The next instalment amounting to € 995k is expected around May 2017.

Budget Implementation Assigned Revenue 2016 (R0)		Initial Budget	Budget Transfers	Actual Budget	Committed	%	Still to be used	Paid	% (Compared to budget)	% (Compared to commitments)	Potential Carry over
		A	B	C	D	D/C	C-D	E	E/C	E/D	D-E
<b>4</b>	<b>TITLE 4 Mena Project</b>										
41	Bodies and organs	776 869	0	776 869	767 269	99%	9 601	425 212	55%	55%	342 057
42	Travel	171 817	0	171 817	171 817	100%	0	56 188	33%	33%	115 629
43	Equipment	9 200	0	9 200	8 757	95%	443	5 722	62%	65%	3 034
44	Local Office	7 200	0	2 600	0	0%	2 600	0	0%	N.A.	0
45	Other cost	177 180	0	192 180	162 179	84%	30 001	105 860	55%	65%	56 319
46	Other	0	0	0	0	N.A.	0	0	N.A.	N.A.	0
47	Indirect costs	66 225	0	66 225	0	0%	66 225	0	0%	N.A.	0
48	Provision	25 000	0	25 000	0	0%	25 000	0	0%	N.A.	0
49	Taxes	0	0	0	0	N.A.	0	0	N.A.	N.A.	0
<b>4</b>	<b>TITLE 4 Mena Project</b>	<b>1 233 491</b>	<b>0</b>	<b>1 243 891</b>	<b>1 110 021</b>	<b>89%</b>	<b>133 870</b>	<b>592 982</b>	<b>48%</b>	<b>53%</b>	<b>517 040</b>

89% of the available credits have been committed, 48% of the available credits have been paid until the end of the year.

## 2.3.4 Other financial and budgetary topics

### Budget transfers

By the end of December, 9 budget transfers have been carried out for the standard operational and administrative budget. 2 transfers have been processed on the authority of the Executive Director, using the flexibility clause according to Art 27.1(a) of CEPOL Financial Regulation.

For the first between titles operation, € 173k has been transferred in September from Title 1 to Title 3 to allow the implementation of additional training activities.

For the second between titles operation, € 26k has been transferred early December from Title 1 to Title 2 in order to allow to increase the amount dedicated to the consultancy on ICT Strategy and the purchase of 3 multifunctional devices.

The remaining transfers were all executed within Titles. 3 intra-title transfers have been carried for the MENA projects in order to better align the budgetary needs of the project.

### Recovery orders

At the end of December, there were 7 recovery orders not cashed or cleared in the accounting system. 4 of the recovery orders relate to inter-agency balances with other European entities and 3 of them are issued to framework partners.

### Payment statistics

By the end of December, CEPOL processed in total 1 544 payments, which represents a 20% increase compared to 1 281 payments in 2015.

At the end of December, 91% of all payments were paid in time, thereby exceeding the objective of 85% of all payments paid within the legally set timeframe. No interest was charged by the suppliers through late payments.

More details on payment times per title and fund source are presented in Annex II (Table A2.2 and A2.3).

## Procurement

In 2016, the procurement function continued to provide support for the acquisition of goods and services necessary for the achievement of the Agency's objectives in an effective, efficient and compliant manner.

Overall 240 contracts were signed in 2016 as a result of conclusion of procurement procedures and implementation of existing framework contracts. Information on procurement procedure types used is provided in the table below

Type of procedure	Number of procedures	%
Open procurement procedure	6	2.5
Negotiated procurement procedure – contracts with value between €15,000 and €60,000 (Art 137 (1) of RAP)	4	1.6
Negotiated procurement procedure for contracts between €1,000.00 and €15,000 (Article 137 (2) of the RAP)	61	25
Negotiated procurement procedure without publication of a contract notice (Article 134 (1) (b) of RAP)	0	0
Specific contracts in execution of framework contracts	126	51.6
Procedure following a call for expression of interest (Art. 136 of RAP)	47	19.3
<b>TOTAL</b>	<b>244</b>	<b>100</b>

## 2.4 Human Resources (HR) Management

### Overall situation

A new legal basis and the new Financial Perspective (2014-2020) had an influence on the Establishment Plan of CEPOL, and its human resource planning. CEPOL has been allocated one additional position in the Establishment Plan. This position – legal officer – has been a long requested position.

In order to be able to provide better service to CEPOL stakeholders, the Agency has launched the initiative to transform 3 SNE's positions (together with 2 positions that have been filled by interim staff for two years or longer) into 6 contract agent positions.

In line with the budget as adopted by the Budgetary Authority and the Governing Board, CEPOL's establishment plan 2016 contains 28 Temporary Agents (TA), 20 Contract Agents (CA); this latter

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number includes 3 positions for the EU/MENA Counter-terrorism project, separately financed for which the grant agreement was signed in November 2015. In addition to statutory staff, CEPOL had in 2016, 4 SNE positions.

By the end of 2016, the agency had in post 25 Temporary Agents (including one on unpaid leave) and 18 Contract Agents; in addition 6 SNE<sup>14</sup> were in post, 4 financed from CEPOL budget and 2 from EU/MENA Counter-terrorism project.

The number of resignation showed an increasing trend in 2016, therefore interim staff has been contracted to fill in for staff absence and to cope with peak periods. The areas covered by the interim staff are: travel and mission arrangements, IT, HR, procurement, finance (please refer for further details to Annex IV Table A4.4).

## Recruitment

The recruitment policy has been further changed to ensure alignment with the framework for recruitment as laid down in the implementing rule on temporary agents under Article 2(f) of the CEOS. This has been done in the period November 2016 – February 2017, the timeframe of the preparation and implementation of the e-Recruitment system.

CEPOL published 15 vacancies in 2016 (12 for regulatory staff, 3 for SNEs, including 2 SNE for MENA) plus finalized recruitments published in the 4th quarter of 2015 where 7 recruitment procedures have taken place in first half of 2016, out of which one from the reserve list. Out of these 22 recruitments, 1 recruitment was cancelled due to request for reintegration into service after unpaid leave, but the reserve list for the published post was established; 1 recruitment failed as no candidate passed the selection day. Three recruitments that started in the 4th quarter of 2016, will be finalized 2017.

For the MENA project – for which CEPOL receives specific, earmarked funds – 4 contract agents have been recruited. These colleagues joined CEPOL during February and April 2016 on contracts running until the formal end of the project: 15 November, 2017. The Project manager's contract has been terminated during probation period. The candidates on the reserve list were contacted, but declined the offer. In order to ensure business continuity, the Senior Project Officer was appointed Project Manager (a position in the same grade); from the reserve list for his original position, the second candidate has accepted a conditional offer that has declined in May 2016. The position has been converted into the SNE position. The newcomer joined CEPOL on 15 August 2016.

The 22 recruitment campaigns attracted 500 applications. It should be noted that the number of applications is lower than in the past; also there is a significant number of applications from Hungarian citizens. This leads to the risk that in a few years there will be a significant over representation of Hungarians in CEPOL.

## Benchmarking exercise

The benchmarking exercise indicates that out of 52 positions in total, 34 positions (65%) are directly related to operational activities; administrative support has only 7 positions (14%) with other 11 positions either neutral or related to coordination and communication (21%).

Details of the establishment plan 2016 and the results of the screening exercise compared to last year are available in Annex IV (Table A4.1 and A4.2-4.3).

<sup>14</sup> One cost-free SNE not included in the staff population overview

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## Human Resources allocation

An overview of the actual against the planned allocation of human resources (expressed in Full Time Equivalent (FTE)) and budget, for the activities included in the Work Programme 2016 is provided in Annex V.

Annex V also includes the analysis on the actual use of resource-allocation per activity, in terms of human resources (FTE) and budget. No significant or unjustified deviations occurred.

## Staff Training

The 2016 Training plan has been adopted by the management. It has been done based on the training plan 2015 and not completed trainings by staff, as well as based on the corporate level (horizontal level) training needs identified by management and Staff Committee.

Besides horizontal training to improve the organisation and the working environment (via training on prevention of harassment, training and appointment of confidential councillors) the training plan is also aimed at improving general competences (e.g. Microsoft products training as well as project management training) and individual competences based on the results of the annual appraisal procedure from the previous year.

A number of horizontal training activities took place in 2016:

- Smart Board training was held in January
- Confidential counsellor training took place in April. Participants from other agencies (e.g. CPVO, EIT and ENISA) participated in this training
- Prevention of harassment training was held in April
- Fire training/evacuation was held on 17 May 2016
- In June (27 and 28 June) a two-day training on objectives and KPIs was organised. This shared training with EIT, was considered by the participants as very useful and a request was already made for a repeat of this training early next year.
- In September the follow up from 2015 year's project management training (PM2) was organised; followed by a new cycle for staff who will be identified by line managers based on the business needs. It is a shared training with EIT.

## Implementing Rules on the Staff Regulations

CEPOL is closely following any development with regards to the Implementing Rules on the Staff Regulations, in order to be able to prepare MB decisions on the application or the request for deviation or opt out in a timely manner.

In 2016, the human resources (HR) team in cooperation with Legal Officer, made a great deal of progress on the implementation of the new Staff Regulations, making sure that internal rules and procedures align with them.

CEPOL's Governing Board has approved a decision concerning unpaid leave for temporary and contract staff within the agency. The decision has been published on CEPOL's website.

The CEPOL Executive Director requested a derogation on two points from the Commission on the application of the Commission decision on telework.

Reclassification of Temporary Agents 2f (communicated to CEPOL on 18 December 2015) has been adopted; Reclassification of Contract Agents (communicated to CEPOL on 18 December 2015) was adopted; working time (communicated to CEPOL on 18 December 2015) was adopted.

CEPOL received on 12 January 2016 an implementing rule on part-time work. It has been adopted and communicated to CEPOL.



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Finally, the new Agency Mission guide has been adopted by the MB which was drafted based on the Commission Mission Guide. However the new Commission Mission Guide is under revision therefore it will have impact on adoption of the new version for CEPOL as well.

## 2.5 Assessment by Management

This section outlines and assesses the internal sources of assurance that support the management's assessment. At the management level, the Agency relies on a set of mechanisms that allow to monitor the Agency's performance and compliance to established procedures and plans.

CEPOL adopted and implements the following documentation and practices: annual management plan and risk register (FO.PLAN.001), regular review meetings (e.g. Management Coordination Meetings, Management Board meetings), regular reports (e.g. Core Business/Corporate Services Monthly Reports, Agency's Progress Reports including reporting on performance indicators and audit recommendations, weekly/monthly budget implementation reports) and individual monthly activity reports (FO.HR.029).

In accordance with ISO 9001:2015 quality management system requirements, CEPOL formalised in 2016 a procedure on review of CEPOL's quality management system (PR.ORMA.001) at planned intervals, to ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic direction of the organisation.

CEPOL adopted and implements delegation of authority via Executive Director's decision on financial workflow, which is amended on continual basis, whenever changes occur in the staff having a role in the financial circuit.

The financial workflow implemented in CEPOL follows the four eyes principle. Each financial transaction needs to be verified after initiation and before it is authorised. The implementation of *ex-ante* controls (verifications in the financial circuits, exceptions recording) covering 100% of the Agency's budget, remains the primary means of ensuring sound financial management and legality and regularity of transactions.

In line with the provisions of ICS # 8 'Processes and procedures' CEPOL implements a process for registration and authorisation of exceptions. Every year, the exceptions registered are analysed to identify specific areas of concern and relevant improvement actions. In addition, they enable the management team to handle exceptional circumstances with a reasonable degree of flexibility and in a transparent and justified way.

CEPOL management adopts on an annual basis an internal control plan based on which *ex post* controls are conducted within the agency, as well as at the level of the grant beneficiaries, to check that transactions are in compliance with rules and regulations, as well as respect of the principle of sound financial management.

The compliance with internal control standards is assessed every year; there is regular follow-up of the action plan where progress is constantly monitored to assist the implementation of specific actions.

In order to support the ethical and organisational values, CEPOL adopted and implements the following documentation: Code of Conduct (Decision of the Director 003/2010), Decision of the Director 019/2011/DIR on Reporting Suspected Improprieties, Anti-fraud Strategy (Decision 33/2014/GB), Policy on Management of Conflict of Interest (Decision 32/2014/GB), Policy on identification and management of sensitive functions (Decision 34/2014/GB), Fraud Response Plan (FO.INCO.004), Staff Induction Plan (FO HR021).

In accordance with its Anti-fraud Strategy, CEPOL adopted an action plan having as one of the objectives: 'Promote the highest level of integrity of CEPOL staff', aiming to further develop an



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anti-fraud culture in the organisation. In this context, CEPOL organises regular refresher trainings on ethics and integrity for all staff.

### 2.5.1 Management review of the exceptions' register for 2016

The Executive Director adopted the register of exceptions for 2016 in January 2017. The report on exceptions confirms that CEPOL's internal control system is well functioning, non-compliance events are detected and mitigated with corrective and preventive actions.

None of the exceptions indicate any weakness within the existing controls that is qualitatively and quantitatively relevant with respect to the materiality criteria. The Court of Auditors examined the exceptions during their audits and raised no observations.

By end of 2016, a total of 43 exceptions were raised (versus 31 exceptions in 2015) in value of €125,190 (versus €181,597 in 2015), therefore the financial impact is lower comparing to last year. The financial impact is between €8.07 (the lowest) and €15,000 (the highest). There are 2 exceptions with no financial impact.

**Exceptions below €1,000** - in case of 25 exceptions (59%), the financial impact is below €1,000. Of these, 7 exceptions are below €100 and 2 exceptions have no financial impact.

**Exceptions above the ceiling limit requiring approval by Authorizing Officer by Delegation (between €1,000 and €24,999)** - in case of 18 exceptions (41%), the financial impact is above €1,000. In this category, the lowest financial impact is €1,100.89 and the highest is €15,000.

**Exceptions above the ceiling limit requiring approval by Authorizing Officer (€25,000 or higher)** - there are no exceptions falling under this category.

In most cases, the exceptions filed during 2016 were necessary due to occurring circumstances and business needs, and are duly justified as exceptional situations.

As in the previous year, the most common occurring non-compliance event remains the 'a posteriori' budgetary commitment (37%) having also the highest financial impact, namely 63,423 € representing 51% in total value of exceptions raised. Nevertheless, no financial loss was involved.

The high staff turnover in 2016 involving a frequent change of the budget line owner (Operational Initiator) with limited handover on contract management/budget related matters, have negatively contributed to the repetition of this non-compliance.

In 2016 the exception register has been complemented with an action plan including the action owner and deadline for implementation of proposed action for prevention/improvement. There is a regular follow-up on status, until action is complete.

### 2.5.2 Ex post controls

CEPOL implements *ex post* controls in accordance with Article 46 of the CEPOL Financial Regulation, stating that the Authorising Officer may put in place *ex post* controls to verify operations already approved following *ex ante* controls. Such controls are organised on a sample basis according to risk. The *ex post* controls are carried out on the basis of documents and, where appropriate, on the spot.

The *ex post* controls shall verify that operations financed by the budget of CEPOL are correctly implemented and in particular that the criteria referred to in FR Article 45(4) are complied with.

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In 2016 the Agency conducted 8 *ex post* controls (7 originally planned, 1 ad hoc requested), resulting in 100% achievement rate (vs 100% in 2015). The areas subject to verification, were based on the legal requirements and risk assessment considerations.

Overall, the 2016 *ex post* controls showed no significant weaknesses in the Agency's internal control system, resulting in positive assurance to the Executive Director with regard to the legality and regularity of transactions and some recommendations on improving transparency and administration of the concerned processes. Recommendations were also made for supporting the Agency to continue its progress in further increasing compliance with the adopted internal control standards.

The results of *ex post* controls did not reveal any amounts to be recovered. The areas subject to the *ex post* controls and main conclusions for each control are presented below:

**Internal control standards** - ICS # 15 requires that Management assesses the effectiveness of the internal control systems, at least once a year; the results of the assessment shall be presented in the Consolidated Annual Activity Report – to meet this legal requirement, a '*Follow-up on Compliance Review on the Internal Control Standards' Implementation within CEPOL*' is implemented every year in February-March. The related action plan is updated with progress made in the past year and further actions for maintaining and strengthening compliance with internal control standards.

**Recruitment** - a number of factors contributed to maintaining the recruitment as a challenging process; in 2016 HR office dealt with increasing number of recruitments due to staff departures, while at the same HR office confronted itself with frequent staff fluctuations; the recruitment process was subject to criticism by the auditors in the past years; CEPOL introduced improvements to the process description and practices, which awaited confirmation by the IAS auditors; further changes to the recruitment process were triggered by the new staff regulation and implementing rules, as well as by the need to further simplify the process; therefore the recruitment process remained an area under the management attention, in order to ensure via management supervision and *ex post* controls, that the legal requirements and transparency principle are met.

Two recruitment files were sampled and checked (Procurement Support Officer and ICT Officer), resulting in positive assurance with small remarks for improvement; progress was noticed in the way the work of the selection panel was documented, as scorings were justified with brief qualitative assessments.

**Procurement** - the procurement process is well managed in CEPOL, this is demonstrated by the fact that no issues were raised by the auditors with regards to the legality and regularity for the past 4 years. In 2016, the Procurement Officer position became vacant after the former job holder, a very experienced professional, resigned. Until recruitment of new officer was completed, the position was covered by an interim. The procurement process was under the management attention, in order to ensure via management supervision and *ex post* controls that the legality and regularity requirements are maintained.

One ad hoc control on negotiated procurement procedure (trainers for on-line English course) was implemented, resulting in recommendations for improving the administration of the procurement process in line with the adopted procedures.

Open tender procedure for FWC 'Multimedia service for CEPOL', was checked as having the highest value (180,000€) among contracts signed in 2016 – the control resulted in positive assurance, except for *Section F – Signature of the contract with the successful tenderer. provision of documentation (selection criteria)* in the tender specifications. The contract was awarded

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without further assessing the tenderer's capacity to implement the contract, against documentary evidences; this caused the procurement to be irregular, as this aspect was not in line with the requirements in the tender specifications (section F and section B.6.2).

**Grant Agreements implemented by the training bodies in the Member States** – internal control standards # 15 requires that Management assesses the processes carried out by implementing bodies, at least once a year; in this respect CEPOL checks every year two of the Grant Beneficiaries that have implemented activities financed by CEPOL in the past year<sup>15</sup>; priority is usually given to those beneficiaries implementing the highest number of courses; the results and problems indicated by the ex-ante controls are also considered when selecting the bodies to be checked.

In 2016 CEPOL implemented on the spot controls to the Security Academy of the Federal Ministry of Interior from Austria and to the Ministry of Interior – ITC from Hungary, both of them having premises in the close proximity, after CEPOL's relocation from UK to Hungary.

Both controls resulted in positive assurance, organisers being fully compliant with the reimbursement rules; in case of Ministry of Interior – ITC from Hungary there was one minor finding - travel cost by car (in value of 800€) for one expert was not paid before sending the course claim to CEPOL, which was not in line with the principle of reimbursement.

The ex post control reports including recommendations for improvement of related processes are subject to approval by the Executive Director; the resulted action plans are regularly monitored until implementation is achieved.

The latest follow-up on open recommendations resulting from ex post controls was conducted in 2016; it indicates that out of 26 recommended measures in 2015, 16 were implemented (61%); 10 still to be addressed in the areas: procedures for operational activities, formalisation of processes for budget planning, updated job descriptions for travel team; 7 remarks for improvement from past years ex post controls, are still to be addressed in the areas: document management, filing, archiving, data protection.

### 2.5.3 Prevention and management of conflicts of interests and transparency

This section is developed in accordance with point 10 in the observations and comments made by the Discharge Authority on 28 April 2016 regarding implementation of the budget for the financial year 2014 (2015/2180(DEC)), stating that: *the annual reports of the College could play an important role in compliance regarding transparency, accountability and integrity; calls on the College to include a standard chapter on these components in its annual report;*

CEPOL is an EU agency dedicated to providing training and learning opportunities to senior police officers on issues vital to the security of the European Union and its citizens.

The partners and stakeholders with whom CEPOL cooperates towards achievement of its objectives are represented by bodies of the European Union in the field of law enforcement and other related areas, as well training bodies in Europe. A significant role is played by the national police training colleges – which through framework partnership agreements - implement activities from CEPOL's Work Programme.

<sup>15</sup> since 2011 CEPOL implemented on the spot controls on the courses implemented by the national training institutes in the following Member States: Sweden, United Kingdom, Germany, Italy, France, Portugal, Slovakia, Romania, Finland, Croatia, Austria, Hungary

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Considering the nature of its activity and specific context in which it operates, CEPOL does not work with lobbyists in legislative or other related initiatives and has a low degree of exposure to the risk of conflict of interest.

In accordance with **CEPOL's conflict-of-interest policy** (adopted by Decision 32/2014/GB), the Management Board, staff members and other individuals directly collaborating with CEPOL (interims, experts, National Seconded Experts, Audit Panel) were requested to fill in a declaration on interest.

To date, no case has been identified where a staff member or individual collaborating with CEPOL is in a conflict of interest situation, financial or otherwise.

Having in view the low risk of conflict of interest, the factual correctness of the given declaration is not checked, unless there is a justified reason to do so (for instance if a potential conflict of interest is observed or a suspicion is raised).

In accordance with the CEPOL's policy on prevention and management of potential conflict of interest, and the privacy statement communicated to the data subjects, the declarations of interest were published on CEPOL website only for the top management (Director, Deputy Director and Head of Corporate Services) and the Management Board members.

In case of staff members and other individuals directly collaborating with CEPOL, the declarations of interest are not made public, in order to limit the unnecessary exposure of personal data; given the same data protection considerations, the Agency does not publish on its website the names of its staff members.

Due to the nature of CEPOL's work with a low risk of conflict of interest, there are no specific rules on a cooling-off period for experts and staff. However, CEPOL's Policy on prevention and management of potential conflict of interest include references to Article 16 of the SR, stipulating 2 years cooling-off period.

With regards to sensitive functions, CEPOL has reviewed its posts and the criteria contributing to the sensitivity of a post, on which occasion adopted **CEPOL's Policy on identification and management of sensitive functions** (Decision 34/2014/GB).

The objective was to identify the preventing measures already in place for each post subject for evaluation and to review and update the mitigating controls.

The following functions have been identified as being sensitive by nature, considering the factors contributing to the sensitivity of the function:

- Authorizing Officer and Appointing Authority (Executive Director) and Authorizing Officers by Delegation (Deputy Director, Head of Corporate Services, Head of Finance) - decision-making capacity
- Procurement Officer - recurrent contacts with third parties outside the Agency (suppliers, private sector)
- HR Officer and HR interim staff - regular access to confidential information
- IT Officer and IT interim staff - regular access to confidential information, high-level of specialised expertise.

In principle, the measures and controls in place to ensure legality and regularity of the transactions (governance and management supervision mechanisms, segregation of duties, four-eyes principle, procedures and checklists) are considered to sufficiently address the fraud-related risks, therefore these functions have not been flagged as sensitive in the job descriptions.

Nevertheless, CEPOL has to remain vigilant and enhance the anti-fraud culture in the organisation in order to promote the highest level of integrity of CEPOL staff. **CEPOL's Anti-fraud Strategy** (adopted by Decision 33/2014/GB) includes specific actions with regard to raising

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and maintaining staff awareness on ethics and integrity, to be implemented on regular basis. A detailed report on implementation of the Anti-Fraud Strategy Action Plan is regularly provided to the Management Board.

To underpin the requirement of Staff Regulations Article 22a, the Director adopted the Decision 019/2011/DIR on 'Reporting Suspected Improprieties' in order to raise staff awareness on the duty to report any possible illegal activity, including fraud or corruption and to lay down whistleblowing arrangements.

Rules on fraud reporting and protection of whistle blower are also embedded in CEPOL's Anti-fraud Strategy (section 1.2.1 Internal control system and fraud reporting arrangements in place).

During 2016, no cases were transmitted to the European Anti-fraud Office (OLAF). Also OLAF did not initiate any cases that concern the Agency's activity on the basis of other sources of information.

## 2.6 Budget implementation tasks entrusted to other services and entities

N/A

## 2.7 Assessment of audit results during the reporting year

CEPOL is audited by both internal and external independent auditors: the Commission's Internal Audit Service (IAS) and the European Court of Auditors (ECA).

The Governing Board has also established an Internal Audit Panel<sup>16</sup> to assist in fulfilling its oversight responsibility for the audit process, the system of internal control and the financial reporting process. The Internal Audit Panel is composed of three financial experts nominated, on a voluntary base, by public institutions in the Member States, which participate in CEPOL's network.

### 2.7.1 Internal Audit Service

From 28 November to 02 December 2016, IAS audited CEPOL on 'Training Needs Assessment, Planning and Budgeting' with focus on the core business activities. The objective of the audit was to assess the adequacy of the design and the efficiency and effectiveness of the management and control systems set up by CEPOL for the needs assessment, planning and budgeting of its training activities.

The advance draft audit report received in March 2017 concludes the following:

- CEPOL has an effective process for identifying and prioritising training activities that meet the needs of the Member States and the European Union. In addition, the programming and budgeting of operational tasks ensures that strategic and annual planning and corresponding resource allocation is effective overall;
- while the audit did not result in the identification of any critical or very important issues, the IAS considers that there is room for improvement in the utilisation of the JHA Training Matrix to avoid overlap with training courses organised by other Justice and Home Affairs agencies; CEPOL should also improve its training needs assessment methodology, as well as its reporting on objectives, plans, and budgets.

<sup>16</sup> Decision 27/2012/GB of the Governing Board establishing an Audit Panel repealing Decision 37/2010/GB



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### 2.7.2 European Court of Auditors (ECA)

ECA visited CEPOL 19-23 September to audit the legality and regularity of 2016 operations made until end of August. ECA opinion on legality and regularity of transactions for the financial year 2016 is not available yet; however the preliminary findings do not refer to any critical issues; remarks were made with regards to:

- high rate of staff turnover, with reference to low correction coefficient, that can impact on business continuity and the Agency's ability to implement the activities foreseen in its work programme;
- irregular payment of accommodation costs (in value of €315) for one trainee who cancelled attendance due to sickness; hotel agreed to free cancellation, however the amount was wrongly invoiced by the travel agent and accepted for payment; subsequently, a credit note was issued by CEPOL and the irregular amount was recovered.

With relation to the desk review audit carried out in January 2017, ECA informed that the mission has not led to any preliminary findings.

The audit of the annual accounts has been outsourced by ECA to the private audit firm Ernst & Young. The audit was carried out from 27 February to 3 March 2017. The draft audit report on provisional accounts provides a positive opinion, with no findings.

### 2.7.3 Internal Audit Panel

The 2016 audit plan included two Internal Audit Panel visits.

The first visit took place from 21 to 22 March 2016. The checks concerned the following topics: administration of the budget 2015; draft opinion on provisional annual accounts 2015 and Consolidated Annual Activity Report 2015. The audit report provided a positive opinion.

The second visit of the Internal Audit Panel 24-25 October 2016 dealt with checking the preparation of the draft budget 2017; follow up on audit /ex post control/internal control standards' action plans; recruitment; MENA project, courses and seminars.

The report does not refer to any critical issues; remarks were made with regards to:

- high rate of staff turnover due to low grading of posts combined with low correction coefficient;
- CEPOL's new mandate provides for an increased target group, however the financial and human resources are at the same level;
- the budget planning process not yet formalized.

Another visit took place from 08 to 09 March 2017. The checks mainly concerned the following topics: administration of the budget 2016; draft opinion on provisional annual accounts 2016; Consolidated Annual Activity Report 2016.

The report provided a positive opinion on provisional annual accounts 2016, with no critical remarks.

### 2.7.4 ISO 9001:2015 audit

The Agency's Management System has been assessed by an independent accredited body Lloyd's Register (LRQA), and found in full compliance with the ISO 9001:2015 requirements.

The certificate was issued on 2nd February 2017, and is valid for 3 years. It covers the following scope: 'Management of the Law Enforcement Residential Activities and the Exchange Programme: support, develop, implement and coordinate training for law enforcement officials'.



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One minor non-conformity had been identified, related to the ICT. The auditor suggested (a) improving processes performance via determining necessary controls and criteria for the ICT, and (b) confirming the ICT process monitoring, KPIs, and mitigation of relevant risks.

The CEPOL's Management System will continue to be audited each year to ensure that compliance with internationally recognised quality management standard ISO 9001:2015 is being maintained. Next audit is scheduled in January 2018.

## 2.8 Follow-up of recommendations and action plans for audits

### 2.8.1 Internal Audit Service

Regarding the IAS 4 important recommendations in the HR Management report received in 2014, all recommendations have been addressed and confirmed closed by the IAS auditors in 2016. No other IAS recommendations are pending.

In January 2015 IAS performed a full Risk Assessment in CEPOL. It covered all processes of the Agency (administrative, financial, operational and IT).

The exercise resulted in preparing the IAS Strategic Audit Plan 2015-2017 for CEPOL, whereby the IAS presented the key risks in CEPOL as seen by the auditors and proposed topics for future IAS audits.

CEPOL has put together an action plan in response to the risk areas identified in the strategic audit plan, some actions were completed, and others are on track, as following:

- business continuity - the 'Business Continuity and Disaster Recovery Plan' has been revised and adopted together with a Service Level Agreement on alternate location offered by the host country, in case of major disruptions;
- promotion / reclassification of staff - in line with the EC Staff Regulations and related implementing rules, the CEPOL's Management Board adopted the decisions on appraisal and reclassification of CA and TA (28/2015/GB, 27/2015/GB, 14/2015/GB, 15/2015/GB). In 2016 CEPOL implemented for the first time a reclassification exercise for CEPOL staff;
- IT Governance, IT Security and IT Back-up Policy - due to lack of (human) resources and delays in adoption of the CEPOL ICT Strategy, no progress could be made in these areas. CEPOL is now working with external consultancy (contract based on DG DIGIT FWC) to elaborate the CEPOL ICT Strategy. It is foreseen that this should be completed the latest in Q2 2017.

Regarding the IAS audit report on 'Training Needs Assessment, Planning and Budgeting', following the contradictory procedure, an action plan will be drafted to address the 4 important recommendations.

### 2.8.2 European Court of Auditors

ECA sent in October 2016 the final report on the annual accounts of CEPOL for the financial year 2015. The report provides a positive opinion with regards to the reliability of the accounts and legality and regularity of the transactions underlying the accounts.

The report includes no critical findings, only two comments:

1. The College's audited budgetary implementation report differs from the level of detail provided by most other agencies which demonstrates the need for clear guidelines on the agencies' budget reporting;

CEPOL reply to comment 1:

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- the Agency has taken note of the Court's comments. CEPOL - who, in line with the suggestions in the Framework Financial Regulation, has outsourced the role of Accounting Officer to the Accounting Officer of the European Commission - is of the understanding that the different level of detail is based on the practices of the Commission's reporting and to avoid having largely similar information in two different reports. CEPOL supports the Commission's intention on establishing guidelines for the agencies' budget reporting for the 2016 accounts.

2. The level of committed appropriations carried over was high for Title II (administrative expenditure) at 212 456 euro, i.e. 49 % (2014: 383 940 euro or 59 %). This resulted from the College's relocation from the UK to Hungary in September 2014 and the consequential need to initiate new service and supply contracts. Most of the services procured under these annual contracts had not been provided by the end of 2015.

CEPOL reply to comment 2:

- the Agency has taken note of the Court's comments. The carry-over rate for Title II (administrative expenditure) is high but justified having in view the contract renewals or pending invoices at the end of year. CEPOL improved its budget management and commits to further maintain compliance with the budgetary principle of annuality provided in the Financial Regulation.

## 2.9 Follow-up of observations from the Budgetary Authority

Detailed information on the measures taken by CEPOL in the light of observations and comments made by the Discharge Authority on 28 April 2016 regarding implementation of the budget for the financial year 2014 (2015/2180(DEC)) is provided in Annex VI A.

All observations have been addressed, except point 12 (conflicts of interests and transparency), where additional improvement measures regarding internal rules on whistle-blowers under Article 22c of the Staff Regulations and rules against "revolving doors" are on track.

## Part II. (b) External Evaluations

The Five Year External Evaluation of CEPOL (2011-2015) was completed by the external evaluator in January 2016. This assignment provides the Governing Board with conclusions on the relevance, efficiency, effectiveness, coherence, impact, utility and added value of the Agency.

The external evaluator has assessed the Agency as being efficient. This conclusion is supported by evidence of an increased number of activities implemented by CEPOL over the evaluation period, against a relatively stable number of resources put at its disposal for the same period. Moreover, a comprehensive set of recommendations is also put forward by this study.

A Working Group was mandated to prepare the recommendations and compile the five-year CEPOL evaluation report. After having convened twice at the CEPOL Headquarters (February 2016), the working group elaborated a number of recommendations on behalf of the Board. The group based its work on findings by the external evaluator.

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CEPOL's five-year evaluation report was adopted by the 35th Governing Board<sup>17</sup> in The Hague and incorporated 17 recommendations, covering five areas, regarding CEPOL's structure and working practices.

At the same time, the GB invited the Executive Director to elaborate an action plan for the implementation of the GB's/MB's recommendations and report on its implementation on a yearly basis. The plan elaborated by the Executive Director identified 31 actions addressing all the 17 recommendations by the GB/MB. In terms of timelines/deadlines, these span over a period of two and a half years between mid-2016 to end of 2018.

Overall, the majority (48%) of activities are on-track; either 'Ongoing' or 'Planned', while a significant number of them (45%) have already been completed. Two activities have been overtaken by events and have been attributed the status 'Cancelled'.

## Part III. Assessment of the effectiveness of the internal control systems

### 3.1 Risk Management

CEPOL implements risk assessment as part of the annual programming cycle. For each of the risks identified, mitigating action(s), action owners and deadlines for these actions are agreed and recorded on the risk register.

Risks considered 'critical' from an overall CEPOL's perspective are indicated in the Single Programming Document/Work Programme and followed-up in the Consolidated Annual Activity Report.

In 2016, 17 preventive measures were agreed to mitigate risk areas for core business and support activities. Overall, the action plan has been followed up adequately and none of the risks has materialised in a way that has impacted negatively the Agency's reputation or the achievement of the strategic or operational objectives.

The following three main risks were considered as having a high likelihood of occurrence and significant impact on the agency's activities:

1. Business continuity and loss of institutional memory due to deficit of human resources; high staff turnover and marked decrease in morale due to decrease of salaries and repetitive decrease of correction coefficient.

As a consequence of the relocation from UK to Hungary, due to the significantly lower correction coefficient applied to staff salaries in the new location, the number of resignation showed an increasing trend. The Agency used a number of interim staff and SNEs to fill in for staff absence and ensure business continuity, until recruitment of statutory staff was completed.

The low grading of posts combined with low correction coefficient, does not encourage foreigners (especially from West and Northern Europe) to move to Hungary. As expected, an overrepresentation of the Host Member State nationals has occurred in the last year.

CEPOL will continue to implement staff retention and business continuity measures, however as long as the Agency cannot positively amend the grades, the staff turnover may keep its high trend.

<sup>17</sup> Decision 11/2016/GB of the Governing Board of the European Police College adopting the Five-Year External Evaluation of the European Police College. Adopted by the Governing Board on 24 May 2016

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2. Discrepancy between enhanced mandate and available resources. On 25 November 2015 the new CEPOL Regulation has been adopted by the legislative authorities; as from 1 July 2016 it is applied. The new Regulation sets ambitious goals for the agency, including new tasks.

The 5-year evaluation that was finalised in 2016 as well as on earlier reports, indicate a clear need for a significant reinforcement of the Agency with both human and financial resources. CEPOL applied prioritisation of tasks, management of stakeholder's expectations, and requested additional resources from the Budgetary Authority. Three additional posts were allocated in the establishment plan 2017: Project Portfolio Manager (AD8) and Training Needs Assessment Specialist (2 positions AD6-AD8).

3. Non-compliance with the budgetary principle of annuality caused by underspending, high level of carry-overs, cancellations.

This is a recurring risk, therefore CEPOL continues to implement regular budget execution reports and periodic meetings between relevant staff, to analyse the potential carry-overs with a view to minimise them.

For 2015, budget implementation reached 93% at the end of December 2016. Due to the constraints of the financial regulation, it is not realistic to expect that it will ever be possible to use the budget to its full amount – a certain margin for unforeseen development beyond the Agency's control (e.g. exchange rate differences, cancellations due to grant beneficiaries implementing courses with less money than initially budgeted) will always be necessary, but the efforts made in the last years to decrease the over-budgeting of CEPOL activities from 30% to less than 10% will be further continued.

## 3.2 Compliance and effectiveness of internal control

In 2011 and with subsequent amendment, the Management Board of CEPOL adopted the 16 internal control standards<sup>18</sup> (ICS) based on the European Commission's model, which provide generic management principles and set out the minimum requirements for internal control of all business activities throughout the Agency.

Since then, a self-assessment and reporting on the implementation of internal control standards is conducted every year<sup>19</sup>, the conclusions being reported in the Consolidated Annual Activity Report. The analysis is based on the documentary evidence available and takes into account the results of the risk assessment and the recommendations of external and internal audits, as well as quality audits and ex post controls.

In 2016 CEPOL prioritised for implementation ICS # 4 'Staff evaluation and development', to complete the only pending action with regards to implementing a promotion policy for the staff. The action was achieved, CEPOL has introduced and applied for the first time the reclassification policy for its Temporary and Contracts Agents (following adoption of Decision 14/2016/GB and Decision 15/2016/GB).

ICS # 8 'Processes and procedures' was also prioritized in 2016, having in view that the planned actions of improvement, may have contributed to the success of the project regarding ISO

<sup>18</sup>GB Decision 10/2014/GB amending the 'GB Decision 8/2011/GB adopting the European Police College's internal control standards'

<sup>19</sup> 'Follow-up on Compliance Review on the 'Internal Control Standards' Implementation within CEPOL'

9001:2015 certification of the Management System, initiated in 2015. Priority was given to improving those processes/procedures subject to ISO 9001:2015 certification.

Up to date CEPOL is fully compliant with 10 standards (ICS #1 'Mission', ICS #2 'Ethical and organisational values', ICS # 3 'Staff allocation and mobility', ICS # 4 'Staff evaluation and development', ICS # 5 'Objective and performance indicators', ICS # 6 'Risk management process', ICS # 9 'Management supervision', ICS # 14 'Evaluation activities', ICS # 15 'Assessment of internal control systems', ICS #16 'Internal Audit').

Achievement of 3 standards (ICS # 7 'Operational structure', ICS #10 'Business continuity', and ICS# 12 'Information and communication') is depending on further developments in the ICT area: adopt the standard IT governance policy (incl. management of the information systems and a multi annual IT strategy); adopt the ICT Backup Policy; document an Information System Security Policy based on an inventory of the security requirements and a risk analysis of the IT systems under CEPOL responsibility.

Due to lack of (human) resources it has not been possible to realise progress on these points. With the arrival of a new ICT Officer on 1 October 2016 and the elaboration of an ICT strategy to be finalised in Q2 2017, the next step shall be to elaborate a fitting disaster recovery plan from ICT point of view, as well as the security policy. These developments and achievement of the 3 related control standards are prioritised in 2017.

Achievement of ICS # 8 'Processes and procedures' is pending on further developments scheduled and not fully addressed yet: procedures in the area of operational activities, formalisation of processes for payment of salaries, mission claims and budget planning.

Achievement of ICS # 11 'Document management' is pending on finalising and implementing the Draft Information Management Strategy; also the Agency initiated a project aiming to introduce an electronic document management system, which is currently on hold due to limited human resources capacity to manage the project.

Achievement of ICS 13 # 'Accounting and financial reporting' is pending on documenting the key elements of the accounting processes implemented by CEPOL after outsourcing. This task was not achieved last year, having in view limited capacity due to high staff fluctuation in the Finance Unit; therefore it is rescheduled for 2017.

CEPOL's has in place an action plan for an increased level of compliance with internal control standards, including deadlines and responsibilities, to assist with further improvement actions.

The updated overall situation following the assessment of compliance with the 16 ICS is presented in the table below:

Internal Control Standard (ICS)	Fully Compliant	Partially Compliant	Not Compliant
ICS 1 Mission	X		
ICS 2 Ethical and Organisational values	X		
ICS 3 Staff allocation and mobility	X		
ICS 4 Staff evaluation and development	X		
ICS 5 Objective and performance indicators	X		
ICS 6 Risk management process	X		
ICS 7 Operational structure		X	
ICS 8 Processes and procedures		X	
ICS 9 Management supervision	X		
ICS 10 Business continuity		X	

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ICS 11 Document management		X	
ICS 12 Information and communication		X	
ICS 13 Accounting and financial reporting		X	
ICS 14 Evaluation activities	X		
ICS 15 Assessment of internal control systems	X		
ICS 16 Internal Audit <sup>20</sup>	X		

## Conclusion

In 2016 the Agency continued to complement and strengthen its existing tools and procedures to better manage, control and monitor the achievement of strategic objectives, planned activities and key performance indicators, as well as the efficient use of human and financial resources.

In February 2017 the Agency successfully completed the ISO 9001:2015 certification of the CEPOL's Management System, bringing additional elements of improvement and helping to demonstrate the Agency's commitment to quality.

Considering the results indicated by the internal assessment on implementation of internal control standards, register of exceptions, ex post controls, risk assessment and audit findings (IAS, ECA, Audit Panel, Quality audits), the management has reasonable assurance that, overall, suitable controls are in place and working effectively; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

<sup>20</sup> CEPOL relies on the internal audit capability provided by the Internal Audit Service



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## Part IV. Management Assurance

### 4.1 Review of the elements supporting assurance

The information reported in Parts II and III stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provided sufficient guarantees of the completeness and reliability of the information reported and results in a complete coverage of the budget managed by the Agency.

In conclusion:

- there were no reservations listed in the previous years' annual activity reports
- all IAS recommendations issued before 2015 were considered adequately implemented and have been closed
- ECA's preliminary findings on legality and regularity of the transactions 2016 do not refer to any critical issues
- observations from the European Parliament have been considered.

### 4.2 Reservations and overall conclusions on assurance

Taking the above into consideration, no critical weaknesses were identified related to the financial management of appropriations inside the Agency, so no reservations are made in this context in the declaration below.

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## Part V. Declaration of Assurance

I, the undersigned, Executive Director of the European Union Agency for Law Enforcement Training (CEPOL),

In my capacity as Authorising Officer,

Declare that the information contained in this report gives a true and fair view.

I state that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

I confirm that I am not aware of anything not reported here which could harm the interests of CEPOL.

Done at Budapest, on 07 April 2017

<Signature on file>

Dr Ferenc Bánfi  
CEPOL Executive Director

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### Statement of the Internal Control Officer and the Quality Management Officer

I, the undersigned,

In my capacity as  
Internal Control Officer

I, the undersigned,

In my capacity as  
Quality Management Officer

Acting in line with the ICS # 15 '*Assessment of internal control systems*', we have reported our advice and recommendations to the Executive Director on the overall state of internal control system of CEPOL and that the best of our knowledge the information on management and internal control systems provided in the Consolidated Annual Activity Report 2016 is accurate and exhaustive.

Done at Budapest, on 05 April 2017

Luminita Moldovan, Internal Control Officer

<Signature on file>

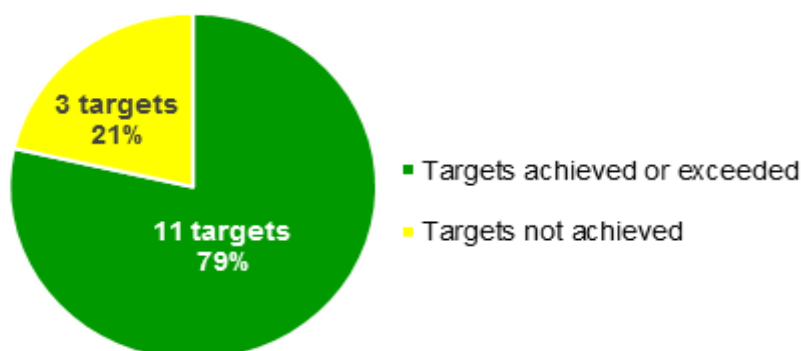
Leelo Kilg-Thornley, Quality Management Officer

<Signature on file>

## ANNEXES

### Annex I. Performance statistics and ISO 9001:2015 certificate

The Agency's Key Performance Indicators (KPIs; referenced in the in the Executive Summary) and Performance Indicators (PIs; referenced below), linked to the achievement of three Strategic Goals, are demonstrating sustainable performance in 2016.



Performance Indicators -- Annual targets achieved or exceeded (79%, ie 11 targets out of 14):

1. Participant satisfaction with training provided 95% (annual target 90%)
2. Increase in the number of participants in leadership development activities 22% (annual target 20%)
3. Increase in the overall participation in the CEPOL residential activities 13% (annual target 10%)
4. Implementation of signed Grant Agreements 100% (annual target 95%)
5. Overall rate of implemented agreements 88% (annual target 80%)
6. Implementation of a new evaluation system for the whole CEPOL training portfolio 100% (annual target 100%)
7. Implementation of Working Arrangements with third countries 90% (annual target 80%)
8. Implementation of CEPOL-led planned JHA scorecard activities 82% (annual target 80%)
9. Five-year-evaluation report completed and recommendations adopted by the GB 100% (annual target 100%)
10. Implementation of the CEPOL strategy 87% (annual target 80%)
11. Implementation of the Annual Budget 96% (annual target 95%)

Performance Indicators -- Annual targets not achieved (21%, ie 3 targets out of 14):

1. Implementation of the Annual Work Programme 88% (annual target 95%)<sup>[1]</sup>
2. Implementation of activities under Framework Partnership Agreements 74% (annual target 90%)<sup>[2]</sup>
3. Turnover of statutory staff 16% (annual target ≤10%)<sup>[3]</sup>

<sup>[1]</sup> 3 tasks out of 25 not completed [1. Pilot new Participants Management System, 2. Develop new online educational platform (e-Net), 3. Implement the archiving policy (for electronic communication)]

<sup>[2]</sup> 26 Framework Partners out of 35 implemented activities

<sup>[3]</sup> 7 resignations vs 43 posts filled



## CERTIFICATE OF APPROVAL

This is to certify that the Quality Management System of:

**European Union Agency for Law Enforcement  
Training (CEPOL)  
1066 Budapest, Ó. u. 27.  
Hungary**

has been approved by Lloyd's Register Quality Assurance  
to the following Quality Management System Standard:

**ISO 9001:2015**

The Quality Management System is applicable to:


**Management of the Law Enforcement Residential Activities  
and the Exchange Programme: support, develop,  
implement and coordinate training for law enforcement  
officials.**

Approval  
Certificate No: VNA6046022

Original Approval: 02<sup>nd</sup> February 2017

Current Certificate: 02<sup>nd</sup> February 2017

Certificate Expiry: 01<sup>st</sup> February 2020

  
Issued by: Lloyd's Register EMEA Mft.  
For and on behalf of Lloyd's Register Quality Assurance Limited



Váci út 95., Budapest, H-1139, Hungary, 01-17-000252  
For and on behalf of 1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom

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## Annex II. Statistics on financial management

Table A2.1: Budget 2016 execution status as of 31 December 2016

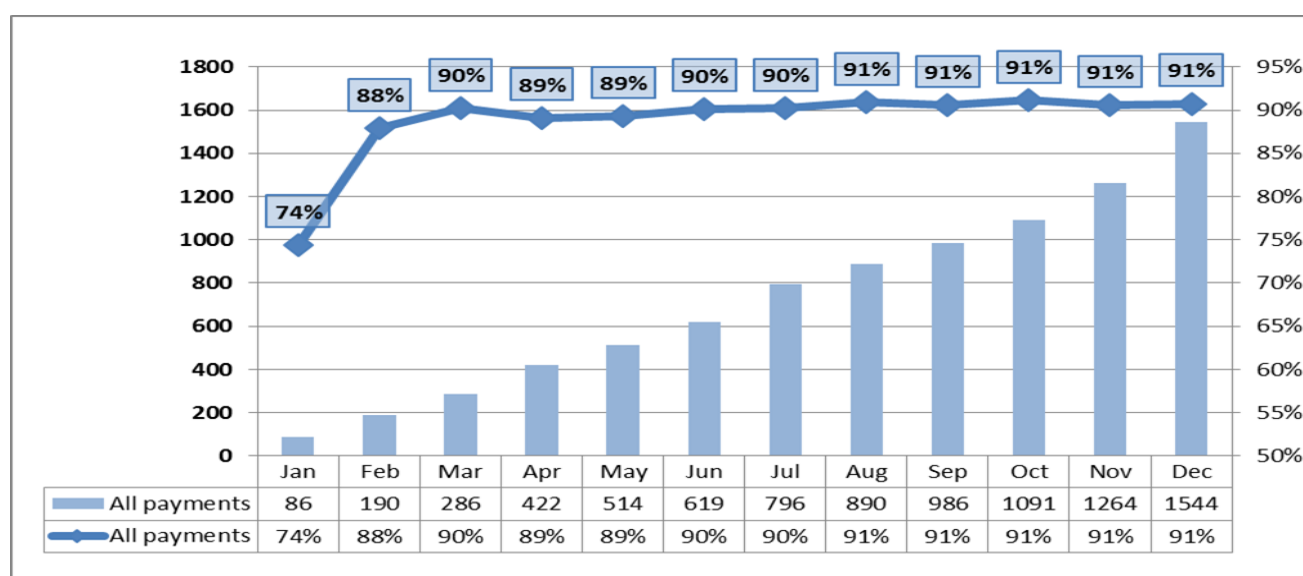
Budget Implementation and Budget Execution Regular budget 2016		Initial Budget	Budget Transfers	Actual Budget	Committed	Budget Implementation %	Paid	Budget Execution %	Carry over to 2017
		A	B	C	D	D/C	E	E/C	D-E
<b>1 TITLE 1 Expenditure relating to persons working with CEPOL</b>									
11	Staff in active employment	3 215 000	- 256 047	2 958 953	2 882 455	97%	2 728 264	92%	154 191
13	Missions and duty travel	35 000	0	35 000	34 000	97%	28 929	83%	5 071
14	Socio-Medical Infrastructure	407 800	- 66 500	341 300	310 743	91%	290 058	85%	20 685
16	Social welfare	2 000	5 000	7 000	3 901	56%	3 901	56%	0
17	Entertainment and representation expenses	3 000	2 000	5 000	4 500	90%	3 705	74%	795
<b>1</b>	<b>TITLE 1 Expenditure relating to persons working with CEPOL</b>	<b>3 662 800</b>	<b>- 315 547</b>	<b>3 347 253</b>	<b>3 235 599</b>	<b>97%</b>	<b>3 054 856</b>	<b>91%</b>	<b>180 743</b>
<b>2 TITLE 2 Buildings &amp; equipment and miscellaneous expenditure</b>									
20	Investments in immovable property & rental	38 000	- 21 880	16 120	15 902	99%	15 582	97%	320
21	Information and communication technology	290 000	19 931	309 931	305 346	99%	252 970	82%	52 375
22	Movable property and associated costs	14 500	- 3 204	11 296	9 760	86%	8 091	72%	1 668
23	Current administrative expenditure	87 000	40 400	127 400	121 172	95%	38 858	31%	82 314
24	Postal charges	11 500	4 650	16 150	16 150	100%	12 772	79%	3 378
<b>2</b>	<b>TITLE 2 Buildings &amp; equipment and miscellaneous expenditure</b>	<b>441 000</b>	<b>39 897</b>	<b>480 897</b>	<b>468 329</b>	<b>97%</b>	<b>328 274</b>	<b>68%</b>	<b>140 055</b>
<b>3 TITLE 3 Operational Expenditure</b>									
30	Bodies and organs	234 000	- 35 550	198 450	169 993	86%	145 007	73%	24 986
31	Courses, Flight Schemes, E-Net	3 173 200	300 648	3 473 848	3 314 461	95%	2 435 668	70%	878 793
32	Other programme activities	940 000	- 150 948	789 052	750 993	95%	527 795	67%	223 198
33	Evaluation	0	0	0	0	N.A.	0	N.A.	0
35	Missions	140 000	35 000	175 000	175 000	100%	163 955	94%	11 045
37	Other operational activities	50 000	126 500	176 500	176 500	100%	158 032	90%	18 468
<b>3</b>	<b>TITLE 3 Operational Expenditure</b>	<b>4 537 200</b>	<b>275 650</b>	<b>4 812 850</b>	<b>4 586 947</b>	<b>95%</b>	<b>3 430 457</b>	<b>71%</b>	<b>1 156 490</b>
<b>GRAND TOTAL</b>		<b>8 641 000</b>	<b>0</b>	<b>8 641 000</b>	<b>8 290 875</b>	<b>95.95%</b>	<b>6 813 587</b>	<b>78.85%</b>	<b>1 477 288</b>



Table A 2.2: Payment times per title and fund source

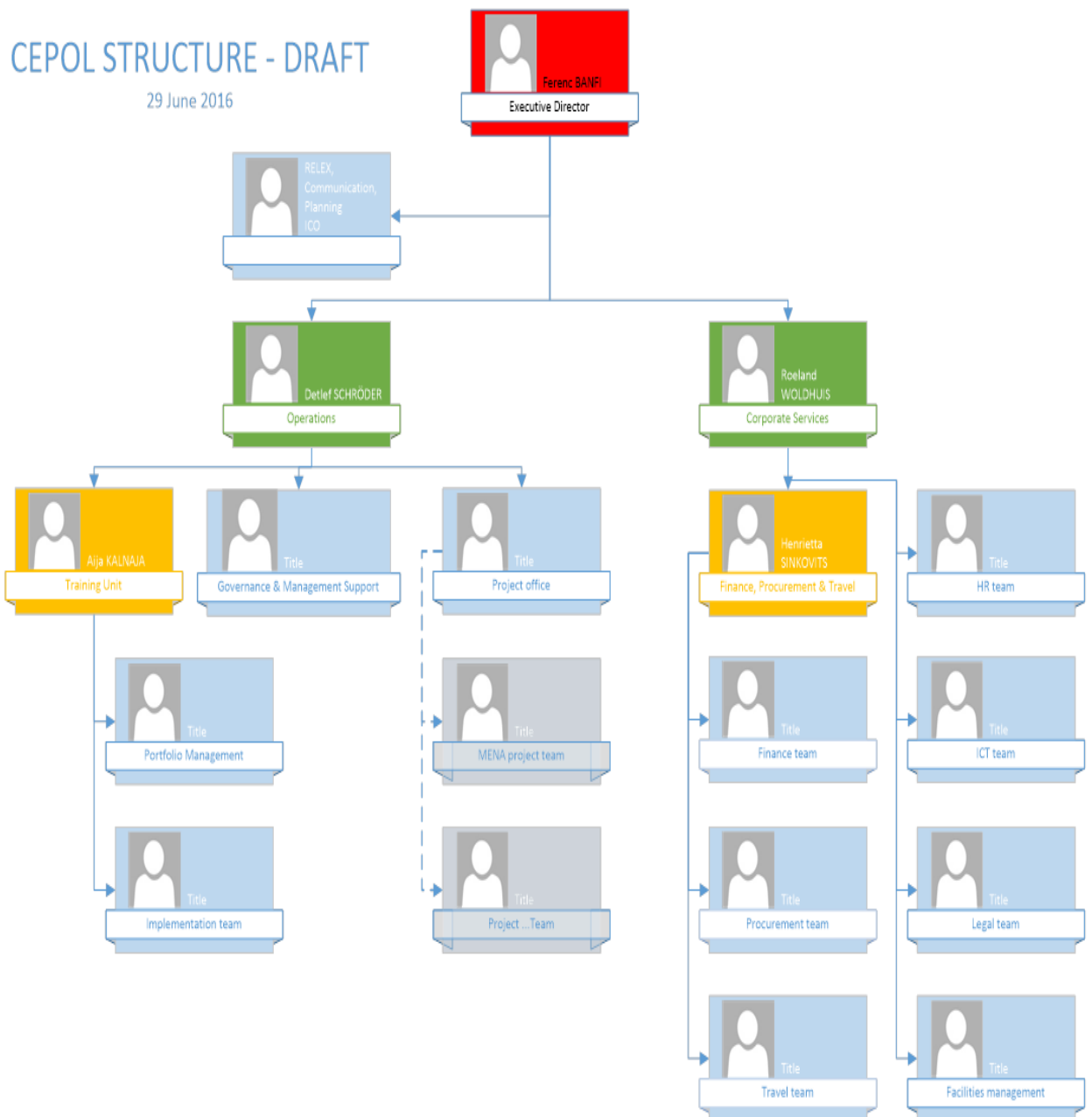
Payment time monitoring		Number of payments	Amount	Payments in time			
				Number	%	Amount	%
		A	B	C	C/A	D	D/B
<b>Title 1</b>							
	C8	44	153 423	42	95%	152 444	99%
	C1	219	866 938	211	96%	793 980	92%
	C4	0	0	0		0	
	R0	203	450 696	200	81%	140 842	87%
		<b>466</b>	<b>1 471 057</b>	<b>453</b>	<b>97%</b>	<b>1 087 267</b>	<b>74%</b>
<b>Title 2</b>							
	C8	45	169 297	36	80%	151 942	90%
	C1	198	308 815	161	81%	269 791	87%
	C4	0	0	0			
		<b>243</b>	<b>478 112</b>	<b>197</b>	<b>81%</b>	<b>421 733</b>	<b>88%</b>
<b>Title 3</b>							
	C8	183	723 589	154	84%	635 721	88%
	C1	604	3 400 984	557	92%	3 252 804	96%
	C4	5	5 558	0		5 558	
		<b>792</b>	<b>4 130 130</b>	<b>711</b>	<b>90%</b>	<b>3 894 083</b>	<b>94%</b>
<b>Title 4</b>							
	R0	203	450 696	200	91%	0	94%
		<b>203</b>	<b>450 696</b>	<b>200</b>	<b>99%</b>	<b>0</b>	<b>0%</b>
Non Budgetary payments		43	896 052	40	93%	871 282	97%
		<b>1 544</b>	<b>6 975 352</b>	<b>1 401</b>	<b>91%</b>	<b>6 274 365</b>	<b>90%</b>

Table A 2.3: Progression of payment times in 2016



## Annex III. Organisational chart

Last organisational chart valid by the end of the year.



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## Annex IV. Establishment Plan and additional information on Human Resources Management

Table A 4.1: Overview of staff at 31 December 2016

Staff population		Staff population in EU budget 31.12.2016	Staff population on 31.12.2016
Officials	AD		0
	AST		0
	AST/SC		0
TA	AD	17	17 <sup>21</sup>
	AST	11	8
	AST/SC	0	0
Total <sup>22</sup>		<b>28</b>	<b>25</b>
CA GF IV		5	3
CA GF III		4	3
CA GF II		10	11
CA GF I		1	1
Total CA <sup>23</sup>		<b>20</b>	<b>18</b>
SNE <sup>24</sup>		4	6
Structural service providers <sup>25</sup>		-	-
<b>TOTAL</b>		<b>52</b>	<b>49</b>

<sup>21</sup> Including 1 AD9 – unpaid leave 01.06.2016

<sup>22</sup> Headcounts

<sup>23</sup> FTE

<sup>24</sup> FTE

<sup>25</sup> **Service providers** are contracted by a private company and carry out specialised outsourced tasks of horizontal/support nature, for instance in the area of information technology. At the Commission the following general criteria should be fulfilled: 1) no individual contract with the Commission; 2) on the Commission premises, usually with a PC and desk; 3) administratively followed by the Commission (badge, etc.) and 4) contributing to the value added of the Commission. FTE

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**Table A 4.2: Information on the entry level for each type of post and indication whether the function is dedicated to administrative support or operations**

NR	JOB TITLE	Staff Category	Group	Bandwidth		Category Code	Type/Role	
				Low	High			
1	Finance & Accounting Correspondent	TA	AD	5		FIN CONT	Neutral	
2	Travel & Logistics coordinator	TA	AST	3		LOG	Administrative support (ADM SUP)	
3	Communications & Publicity Officer	TA	AST	4		COMM	Coordination (COORD)	
4	Web & Communications Assistant	CA	FG-II	4		COMM	Coordination (COORD)	
5	Head of Department/Deputy Director	TA	AD	10		TOP COORD	Operational (OPER)	
6	Executive Director	TA	AD	13		TOP COORD	Operational (OPER)	
7	Head of Unit	TA	AD	9		FIN CONT	Neutral	
8	Finance & Budget Officer	TA	AD	7		FIN CONT	Neutral	
9	Finance & Budget Assistant	TA	AST	3		FIN CONT	Neutral	
10	Finance Assistant Initiation	CA	FG-II	5		FIN CONT	Neutral	
11	Head of Department	TA	AD	10		RES DIR/HoA	Administrative support (ADM SUP)	
12	Finance Assistant Initiation	CA	FG-II	5		FIN CONT	Neutral	
13	HR Officer	TA	AST	5		HR	Administrative support (ADM SUP)	
14	HR Assistant	CA	FG-II	5		HR	Administrative support (ADM SUP)	
15	Internal Control	TA	AD	5		IA	Administrative support (ADM SUP)	
16	ICT Officer	TA	AST	5		ICT	Administrative support (ADM SUP)	
17	ICT assistant	TA	AST	3		ICT	Administrative support (ADM SUP)	
18	Management Support Assistant	TA	AST	4		GEN OPER	Operational (OPER)	
19	Secretary	CA	FG-I	1		GEN OPER	Operational (OPER)	
20	Procurement Support Officer	TA	AST	3	4	FIN CONT	Neutral	
21	Procurement Support Assistant	CA	FG-III	5		FIN CONT	Neutral	
22	Planning Officer	TA	AD	5		GEN OPER	Operational (OPER)	
23	Head of Unit	TA	AD	9		GEN OPER	Operational (OPER)	(*)
24	Governance Assistant	TA	AST	3		GEN OPER	Operational (OPER)	
25	E-learning Officer	TA	AD	5		PGM M/IMP	Operational (OPER)	
26	E-learning Support Assistant	CA	FG-III	5		PGM M/IMP	Operational (OPER)	
27	Research & Knowledge Management Officer	TA	AD	5		PGM M/IMP	Operational (OPER)	
28	Head of Unit	TA	AD	9		GEN OPER	Operational (OPER)	
29	Programme Officer	TA	AD	5		PGM M/IMP	Operational (OPER)	
30	Programme Officer	TA	AD	5		PGM M/IMP	Operational (OPER)	
31	Programme Officer	TA	AD	5		PGM M/IMP	Operational (OPER)	
32	Finance & Budget Support Officer	TA	AST	3		PGM M/IMP	Operational (OPER)	
33	Programme Support Officer	TA	AST	3		PGM M/IMP	Operational (OPER)	
34	Governance Support Assistant	CA	FG-II	5		GEN OPER	Operational (OPER)	
35	Travel & Mission Assistant	CA	FG-II	5		PGM M/IMP	Operational (OPER)	
36	Travel & Mission Assistant	CA	FG-II	5		PGM M/IMP	Operational (OPER)	
37	Quality Management/Data Protection Officer	TA	AD	5		EVAL	Operational (OPER)	
38	SNE Training & Evaluation	SNE	SNE			PGM M/IMP	Operational (OPER)	
39	SNE European Police Exchange Programm	SNE	SNE			PGM M/IMP	Operational (OPER)	
40	SNE European Police Exchange Programm	SNE	SNE			PGM M/IMP	Operational (OPER)	
41	SNE Webinar and LMS Administration	SNE	SNE			PGM M/IMP	Operational (OPER)	
42	Project manager	CA	FG-IV			PGM M/IMP	Operational (OPER)	
43	Senior project officer	CA	FG-IV			PGM M/IMP	Operational (OPER)	
44	Project Officer	CA	FG-III			PGM M/IMP	Operational (OPER)	
45	Project Officer	CA	FG-III			PGM M/IMP	Operational (OPER)	
46	Legal Officer	TA	AD	6	7	LEGAL	Coordination (COORD)	
47	Programme Assistant	CA	FG-II			PGM M/IMP	Operational (OPER)	
48	Residential Events Assistant	CA	FG-II			PGM M/IMP	Operational (OPER)	
49	Travel & Mission Assistant	CA	FG-II			PGM M/IMP	Operational (OPER)	
50	Policy Officer/ External Relations	CA	FG-IV			GEN OPER	Operational (OPER)	
51	Cybercrime Portfolio Manager	CA	FG-IV			PGM M/IMP	Operational (OPER)	
52	e-NET/ECM Manager	CA	FG-IV			GEN OPER	Operational (OPER)	
53	Senior Programme Officer/Deputy Head of Unit	TA	AD	8	9	PGM M/IMP	Operational (OPER)	

(\*) it includes the position of the Head of Unit that ceased to exist with new CEPOL organogram adopted in GB meeting November 2016. The position was replaced with the Senior Programme Officer/Deputy Head of Unit

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Table A 4.3: Benchmarking against previous year results

Job type	Year N-1 (%)	Year N (%)
Core functions (operational)	60%	65%
Support functions	21%	14%
Special functions (neutral)	19%	21%

Table A 4.4: Information on interim staff employed by CEPOL in 2016

~	Position	Office	Category	Grade	Start	End	Days in 2016
1	Financial Initiator	CSD/Finance	FG- II	4	16/04/2016	31/12/2016	260
2	Financial Initiator	CSD/Finance	FG- II	4	16/06/2016	31/08/2016	77
3	Secretary/Management Support Assistant	Director	FG- II	4	01/01/2016	31/07/2016	212
4	Administrative Assistant	OPS/TRU	FG- II	4	16/05/2016	31/12/2016	229
5	ICT Assistant	CSD/ IT	FG- II	4	01/04/2016	31/12/2016	274
6	Travel booker	CSD/Logistics	FG- II	4	01/01/2016	31/12/2016	365
7	Procurement Support Officer	CSD/ procurement	FG-IV	14	01/01/2016	15/09/2016	258
8	HR assistant	CSD/HR	FG- II	4	01/01/2016	15/09/2016	258
9	HR Assistant	CSD/HR	FG- IV	14	01/01/2016	31/08/2016	243
10	Financial controller	OPS/TRU	FG- II	4	01/01/2016	31/12/2016	365
11	e-Learning	OPS/TRU	Group III	9	01/01/2016	31/12/2016	365
12	Travel Booker	CSD/Logistics	FG- II	4	01/09/2016	31/12/2016	122
13	Governance Support Assistant	Governance	FG- II	4	01/01/2016	31/12/2016	365
14	Procurement Support Assistant	CSD/Procurement	FG-III	9	16/10/2016	31/12/2016	77
15	Procurement Support Assistant	CSD/Procurement	FG-III	9	01/01/2016	31/10/2016	305
16	Financial Contact Point	CSD/Finance	Group III	9	01/01/2016	30/06/2016	182
17	EPEP Assistant	OPS/TRU	FG-II	4	01/01/2016	30/06/2016	182

Table A4.5: Information on the number of leave days authorised to each grade under the flexitime

Grade	Flexi time (in days) taken
AD8	10
AD7	0
AD6	25.5
AD5	66
AST5	36
AST4	23
AST3	19.5
FG-IV	11
FG-III	4.5
FG-II	35
FG-I	8
SNE	25.5
<b>Grand total</b>	<b>264</b>

## Annex V. Human and financial resources by activity

### Estimates for resource-allocation per Activity

Activity Based Budget 2016 (ABB) <sup>26</sup>	Allocated human resources (FTE)				Allocated budget resources (EUR)			
Activity area	TA	CA	SNE	Total HR	Indirect cost (T1 & T2)	Direct cost (Title 3)	CT MENA <sup>27</sup> (Title 4)	Total budget
Portfolio based programming of CEPOL learning activities	7.80	7.10	2.60	17.50	1,432,500	3,642,500	0	5,143,000
Development of education and training products	2.00	0.90	0.40	3.30	255,500	582,200	0	715,700
External Relations	1.85	5.50 <sup>28</sup>	0.90	8.25	638,800	48,000	1,650,700	688,800 (+1,650,700)
Governance and management of the Agency	16.35	6.50	0.10	22.95	1,777,000	264,500	0	2,093,500
<b>Subtotals / Totals</b>	<b>28</b>	<b>20</b>	<b>4</b>	<b>52.00</b>	<b>4,103,800</b>	<b>4,537,200</b>	<b>1,650,700</b>	<b>8,641,000 (+1,650,700)</b>

### Actual consumption or use of resources per Activity

Activity Based Budget 2016 (ABB) <sup>29</sup>	Actual allocation of human resources (FTE) <sup>30</sup>				Actual budget consumed <sup>31</sup> (EUR)			
Table of actual allocations								
Activity area	TA	CA	SNE	Total HR	Indirect cost (T1 & T2)	Direct cost (Title 3)	CT MENA <sup>32</sup> (Title 4)	Total budget
Portfolio based programming of CEPOL learning activities	6.60	6.95	4.10	17.65	1,244,637	3,843,766	0	5,088,403
Development of education and training products	2.30	0.55	0.70	3.55	249,868	456,906	0	706,774
External Relations	1.55	5.00	0.70	7.25	510,613	72,457	1,110,021	583,070 (+1,110,021)
Governance and management of the Agency	15.70	8.35	0	24.05	1,698,810	213,818	0	1,912,628
<b>Subtotals / Totals</b>	<b>26.15</b>	<b>20.85</b>	<b>5.50</b>	<b>52.50</b>	<b>3,703,928</b>	<b>4,586,947</b>	<b>1,110,021</b>	<b>8,290,875 (+1,110,021)</b>

<sup>26</sup> The allocation of indirect costs (Titles 1 and 2) are driven by the FTE allocation per activity area

<sup>27</sup> The cost of CT MENA project reflects an estimated cost of 12 months for the project (for year 2016 only)

<sup>28</sup> This figure included the four (4) Contract Agent (CA) post for the CT MENA project

<sup>29</sup> The allocation of indirect costs (Titles 1 and 2) are driven by the FTE allocation per activity area

<sup>30</sup> For the purpose of this exercise, interim staff have been treated as per the category of the post they have provided cover for.

<sup>31</sup> Commitment appropriations on 31/12/2016

<sup>32</sup> The cost of CT MENA project reflects the cost for year 2016 only)



**Deviations between estimated resource-allocation per Activity and actual use or actual consumption**

Activity Based Budget 2016 (ABB) <sup>33</sup> Table of differences between estimates and actuals		Deviation in allocation of human resources (FTE)			Deviations in allocated budget resources (estimates vs actual consumption <sup>34</sup> - amounts in EUR)			
Activity area	TA	CA	SNE	Net effect on HR	Indirect cost (T1 & T2)	Direct cost (Title 3)	CT MENA <sup>35</sup> (Title 4)	Subtotals (Net effect)
Portfolio based programming of CEPOL learning activities	N/A	N/A	N/A	+0.15 (0.86%)	-187,821 (13.11%)	+201,266 (5.53%)		+13,445
Development of education and training products	N/A	N/A	N/A	+0.25 (7.58%)	-5,651 (2.21%)	-125,294 (21.52%)		-130,945
External Relations	N/A	N/A	N/A	-1.00 (12.12%)	-128,186 (20.07%)	+24,457 (50.95%)	-540,679 (32.75%)	-103,729 (-540,679)
Governance and management of the Agency	N/A	N/A	N/A	+1.10 (4.49%)	-78,213 (4.40%)	-50,682 (19.16%)		-128,895
<b>Subtotals / Totals</b>				<b>+0.50</b>	<b>-399,871</b>	<b>+49,747</b>	<b>-540,679</b>	<b>-350,124 (-540,679)</b>

**Analysis on the actual use of resource-allocation per activity**
**a) Human resources (FTE)**

The time CEPOL staff spent to each Activity Area in 2016 has been captured in an updated ABB matrix for each staff member, including Seconded National Experts and interim staff. For the purpose of this exercise, time allocation of interim staff has been treated as per the category of the post they have provided cover for - i.e. either CA or TA.

For Activity Area '*Portfolio based programming of CEPOL learning activities*' no significant deviation from original planning has been noticed.

For Activity Area '*Development of education and training products*' an increase of 7.6% in HR resources has been noticed. In absolute terms this is equivalent to +0.25 FTEs. The analysis of the ABB matrix indicated that the e-Learning Officer and the SNE on Training & Research have spent in this activity more of their time than originally planned.

For Activity Area '*External Relations*' the analysis showed a decrease of 12.12% in HR resources. In absolute terms this is equivalent to -1.00 FTE. The reason behind this is that the Head of the Strategic Affairs Unit and the Policy Officer have been only employed for half the year (5 + 6 months respectively) than initially anticipated.

For Activity Area '*Governance and management of the Agency*' the analysis showed an increase of 4.49% in HR resources which is equivalent to 1.10 FTEs. This is mainly due to strengthening areas with a high

<sup>33</sup> The allocation of indirect costs (Titles 1 and 2) are driven by the FTE allocation per activity area

<sup>34</sup> Commitment appropriations on 31/12/2016

<sup>35</sup> The cost of CT MENA project reflects the cost for year 2016 only)

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turnover (or workload) during 2016; such as Finance Assistant Initiator posts, Procurement and the HR section.

The net effect of the above was +0.50 FTE for the year.

### **b) Budget consumption**

In this text, analysis and comparison between initial estimates and actual consumption refer to Title 3. Moreover, '*Budget estimate*' refers to amounts in the draft Budget 2016 at the last quarter of 2015. By '*Consumption*' it is meant the Commitment appropriations at 31 December 2016.

The initial estimates used for the ABB 2016 have been based on the draft Budget 2016. These amounts have now been compared and updated against the actual consumption for the year – i.e. Commitment appropriations on 31 December 2016.

While budget consumption for Titles 1 and 2 has been generally lower than originally anticipated, this analysis is focusing on operational budget (Title 3). In particular:

For Activity Area '*Portfolio based programming of CEPOL learning activities*' less funds have been spend under Article 322 'Electronic Network', while budget on Exchanges (Article 324) has had a significant increase. An increase on Communication activities (Article 370 'Other Operational activities') has had an impact across all Activity Areas, in particular the operational ones. An additional amount of about EUR 200K has been spend in this activity.

For Activity Area '*Development of education and training products*,' although the budget (Title 3) spend on e-Learning Modules (Article 313) and Communications (Article 370 'Other Operational activities') where higher than the initial estimates they had not offset the underspending in Common Curricula (Article 320) and 'Electronic Network' (Article 322). Spending in this areas fell short of EUR 125K than originally planned.

For Activity Area '*External Relations*' more funds have had been spend on Communication (Article 370) and Missions (Article 370) and less than anticipated on Article 325 'External Relations' The overall effect was as small increase (EUR 25K) in budget consumption in this area.

For Activity Area '*Governance and management of the Agency*'; although Mission expenses (Article 351) had an increased spending of 25%, at EUR 35,000 compared to draft budget, the overall spending in Title 3 was lower than expected; mainly due to decreased costs under Article 300 (Governing Board) and Working Groups (Article 301). As a result, spending in this area fell short of about EUR 51K.

Finally, it should be noted that the draft budget for the CT MENA project, at the time the ABB 2016 was prepared (last quarter of 2015), was EUR 1,650,700. However, as the project spans over 24 months in three years' time, only EUR 1,110,021 have been spend (commitment appropriations) during 2016.

## Annex VI. Specific annexes related to Part II

**A. Detailed information on the measures taken by CEPOL in the light of observations and comments made by the Discharge Authority on 28 April 2016 regarding implementation of the budget for the financial year 2014 (2015/2180(DEC))**

Observation of the Discharge Authority	Response and measures taken by CEPOL	Implemented/Deadline
<b>Commitments and carryovers (point 6)</b> Points out that the College improved its budget-monitoring system by implementing monthly budget reports and periodic meetings between all actors in the financial circuit in order to analyse and minimise potential carry-overs; notes that, as a result, the last five years have showed a continuous decrease in percentage points of the level of carry-overs and cancellations; calls on the College to reduce further the level of committed appropriations carried over to the following year and to keep it as low as possible;	<p>CEPOL continuously improved its budget management and commits to further maintain compliance with the budgetary principle of annuality provided in the Financial Regulation.</p> <p>In the last 5 years the budget demonstrates considerable improvements both in the area of carry overs and cancellations, with constants implementation rates above 90%.</p> <p>The budget implementation of financial year 2014 reached 95% by end of 2015, representing the best budget management result in the history of CEPOL.</p> <p>For 2015, budget implementation reached 93% at the end of December 2016. In 2015, approx. €1400k were carried over (17%) of which €200k were cancelled, representing 14% of the carried over amounts. Of the cancelled amounts, €139k were related to Title 3.</p> <p>We would like to clarify that the cancellations, due to grant beneficiaries implementing courses with less money than initially budgeted, may result from events beyond the Agency's control or which are justified by the nature of activities, as following:</p> <ul style="list-style-type: none"> <li>- grant beneficiaries not able to estimate fully accurate their budget needs when applying for grants, as the service providers are not known at that time;</li> <li>- grant beneficiaries are obliged to budget for 28 course participants, while it is not guaranteed this level of attendance will be achieved;</li> <li>- the value for money is a subject of grant evaluation, therefore the grants cannot be increased at a later stage in case prices prove to be higher; grant beneficiaries budgeting for a reserve margin is justified;</li> <li>- for courses organised in the last months of the year, it is difficult to estimate the correct volume of underspending, while the invoices from service providers are still pending. Hence, in order to ensure that sufficient funds remain on the budgetary commitment, the funds are carried over.</li> </ul>	Yes

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<p><b>Recruitment procedures (point 7)</b></p> <p>Ascertains from the College that it adopted guidelines on scoring applicants as well as a shortlisting matrix, both of which are used by the Selection Committee in recruitment procedures and link the scoring thresholds to the justification behind them; notes that these guidelines were applied for the recruitment rounds starting in April 2014; calls on the College to inform the discharge authority of the final assessment of the guidelines as soon as they are evaluated by the Court and the Commission's Internal Audit Service (IAS); calls on the College to incorporate any improvements needed into its guidelines without delay;</p>	<p>During the follow-up audit implemented by the IAS in September 2016, the auditors confirmed that the recommendation regarding introducing scoring guidelines for the Selection Committee was addressed and it has been closed. No other issues were raised in relation to the recruitment procedures by the internal/external auditors during 2016 audits.</p>	Yes
<p><b>Procurement procedures (point 8)</b></p> <p>8. Asks the College to apply strictly the measures pertaining to discretion and exclusion in public procurement, with proper background checks being carried out in every instance, and to apply the exclusion criteria so as to debar companies in the event of any conflict of interest, this being essential to protect the financial interests of the Union;</p>	<p>Whenever CEPOL is contracting external service providers to support it in its tasks, it ensures that these contractors are bound by confidentiality duties and that potential conflicts of interest are avoided. Both a confidentiality clause and a conflict of interest clause are included in all such contracts that CEPOL concludes.</p> <p>During the procurement process and before a contract is signed, the companies are checked against detailed eligibility criteria and excluded for instance in case there is proof of grave professional misconduct or having violated applicable laws or regulations or ethical standards of the profession.</p>	Yes
<p><b>Prevention and management of conflicts of interests and transparency (point 10)</b></p> <p>10. States that the annual reports of the College could play an important role in compliance regarding transparency, accountability and integrity; calls on the College to include a standard chapter on these components in its annual report;</p>	<p>New section '2.5.3 Prevention and management of conflicts of interests and transparency' has been included in the annual report in accordance with the Discharge Authority observation.</p>	Yes
<p><b>Prevention and management of conflicts of interests and transparency (point 11)</b></p> <p>11. Calls on those Union institutions and agencies which have introduced codes of conduct, to step up their implementation measures, such as checks of declarations of financial interests;</p>	<p>To date, no case has been declared where a staff member or individual collaborating with CEPOL is in a conflict of interest situation, financial or otherwise.</p> <p>Considering the nature of its activity and specific context in which it operates, CEPOL has a low degree of exposure to the risk of conflict of interest, therefore the factual correctness of the given declaration is not checked unless there is a justified reason to do so (for instance if a potential conflict of interest is observed or a suspicion is raised).</p>	

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<p><b>Prevention and management of conflicts of interests and transparency (point 12)</b> 12. Asks for the adoption of a clear whistle-blowing strategy and rules against "revolving doors"; reminds the College that it must adopt binding internal rules on whistle-blowers under Article 22c of the Staff Regulations, which came into force on 1 January 2014;</p>	<p>To underpin the requirement of Staff Regulations Article 22a, the Executive Director adopted the Decision 019/2011/DIR on 'Reporting Suspected Improprieties' in order to raise staff awareness on the duty to report any possible illegal activity, including fraud or corruption and to lay down whistleblowing arrangements.</p> <p>Rules on fraud reporting and protection of whistle blower are also embedded in CEPOL's Anti-fraud Strategy adopted by Decision 33/2014/GB (section 1.2.1 <i>Internal control system and fraud reporting arrangements in place</i>).</p> <p>In 2015 CEPOL adopted a Fraud Response Plan (FO.INCO.004) as a guide on how allegations of fraud will be dealt with by CEPOL and the approach to take in communicating around the suspicion of fraud inside and outside CEPOL, with parties having an interest in the matter.</p> <p>The Anti-fraud Strategy adopted in 2014 was valid for three years, therefore an update after its assessment at the end of the implementation period is scheduled for 2017. On this occasion, CEPOL will review and streamline its whistle blowing internal rules around requirements in the Article 22c of the Staff Regulations. In doing so, CEPOL will use the draft model rules on whistleblowing (developed by the SWP) which is currently circulating for comments within the Agency' Network.</p> <p>With reference to Article 16 of the SR, CEPOL's conflict-of-interest policy (adopted by Decision 32/2014/GB) stipulates that after leaving the service, former Agency's staff members are still subject to certain obligations. In accordance with section 4.4 <i>Outside activities and post-employment</i>, former staff members are bound not to accept any duties or professional activities after leaving the service that would be incompatible with the interests of the Agency.</p> <p>A former staff member intending to engage in an occupational activity within two years of leaving the service must inform the Agency. If the activity could lead to a conflict with the legitimate interests of the Agency, the Executive Director could forbid the former staff member from undertaking this activity or could give his approval subject to any conditions he sees fit.</p> <p>In order to strengthen avoidance of post-employment conflict of interest, CEPOL will introduce a declaration of intention to engage in an occupational activity after leaving the EU Agency, to be filled in by staff members upon resignation/retirement (exit form).</p>	November 2017
<p><b>Internal audit</b> 13. Acknowledges from the College's annual report that all the audit recommendations issued by the IAS have been addressed; notes that, after receiving information on improvements from the College, the IAS confirmed as closed two of its recommendations, while feedback on the remaining three recommendations is to be communicated after the next desk review or follow-up audit; calls on the College to inform the discharge authority of the results of the review as soon as they are available;</p>	<p>All IAS recommendations in the HR Management report received in 2014, have been addressed and confirmed closed by the IAS auditors in 2016. No other IAS recommendations are pending.</p> <p>In November 2016, IAS implemented in CEPOL an audit on 'Training Needs Assessment, Planning and Budgeting' with a focus on the core business activities. The draft report is currently awaited.</p>	Yes

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<p><b>Other comments</b></p> <p>16. Calls on all the College to enhance its procedures and practices aimed at safeguarding the financial interests of the Union and to actively contribute to a results-oriented discharge process</p>	<p>CEPOL conducts its operations in compliance with the applicable rules and regulations, working in an open and transparent manner, and meeting the expected high level of professional and ethical standards.</p> <p>CEPOL has adopted a set of internal control standards, based on international good practice, which provide generic management principles and set out the minimum requirements for internal control of all business activities throughout the Agency.</p> <p>It has in place measures to ensure legality and regularity of the Agency's underlying transactions, including comprehensive ex-ante verification, targeted ex-post controls and specific measures to prevent and detect fraud and conflict of interest.</p> <p>The Agency has systematically examined the observations and recommendations issued by internal auditors, the European Court of Auditors and the European Parliament. On this basis, it took actions as appropriate.</p> <p>No audit recommendations having a critical nature or impacting on the legality and regularity of transactions were formulated by the internal/external auditors in the past four years.</p> <p>Moreover in 2017 the Agency successfully completed the ISO 9001:2015 certification of the CEPOL's Management System, bringing additional elements of improvement and helping to demonstrate the Agency's commitment to quality.</p>	<p>Yes</p>
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## B. Materiality Criteria<sup>36</sup>

Materiality criteria define the elements for determination of significant weaknesses that should be subject to a formal reservation in the assurance declaration of the Authorising Officer in the context of the Consolidated Annual Activity Report.

The decision whether weakness is significant, remains a matter of judgement of the Authorising Officer. In this judgement the overall impact of a weakness needs to be identified and an assessment needs to be made on whether the issue is material enough to have an influence on the decisions or conclusions of the users of the assurance declaration.

In consequence judgement needs to be based on a qualitative and a quantitative assessment. In addition, reputational events may be considered. The following provides a non-exhaustive list of possible types of weaknesses to be considered in this context.

Quantitative weaknesses: significant occurrence of errors in the underlying transactions (legality and regularity).

Qualitative weaknesses: significant control system weaknesses, insufficient audit coverage and/or inadequate information from internal control systems, critical issues reported by the European Court of Auditors, the IAS, or OLAF, significant reputational events.

Qualitative criteria are linked to failure in achieving CEPOL's short-term objectives, risks to CEPOL reputation, significant deficiencies in its control systems and repetitive errors. The qualitative assessment of a weakness (deficiency) should consider if the type of deficiency falls within the scope of the assurance declaration which refers to the use of resources, sound financial management, and legality and regularity of transactions.

In considering the significance of the materiality criteria, one should include the nature and scope of the weakness, the duration of the weakness, the existence of mitigating actions reducing the impact of the weakness and the existence of corrective actions (action plans and financial corrections) which have had measurable impact.

In quantitative terms, in order to make a judgement on the significance of a weakness, it is essential to quantify the potential financial impact ("monetary value of the identified problem"/"amount considered erroneous"/"the amount considered at risk") in monetary terms.

As regards legality and regularity, the proposed standard quantitative materiality threshold must not exceed 2%. Related to CEPOL's overall budget for 2015, the 2% threshold would define an amount of about € 170.000. Considering potential cases, this amount seems too high. Thus, the (standard) quantitative threshold is set at €25,000<sup>37</sup>.

This threshold is in line with the level of materiality defined by CEPOL in case of exceptions requiring approval by the Authorising Officer, as per adopted 'Policy on Recording and Management of Exceptions' (PO.INCO.002).

Deviations from this materiality threshold must be fully justified in the Consolidated Annual Activity Report. It is however necessary to underline that some deficiencies below this threshold may be deemed significant on the basis of the qualitative assessment. In addition, it may be considered that specific reputational events on the basis of specific assessments may give rise to a reservation.

<sup>36</sup> Reference: Standing Instructions for 2014 Annual Activity Reports - Ref. Ares (2014)3722820 - 10/11/2014

<sup>37</sup> A deficiency is considered material if the financial impact or risk of loss is equal to or more than €25,000.

## ANNEX VII. Specific annexes related to Part III – N/A

## Annex VIII. Draft Annual Accounts 2016

### BALANCE SHEET

		EUR '000	
	Note	31.12.2016	31.12.2015
<b>NON-CURRENT ASSETS</b>			
<i>Intangible assets</i>	2.1	3	7
<i>Property, plant and equipment</i>	2.2	433	613
		<b>436</b>	<b>620</b>
<b>CURRENT ASSETS</b>			
<i>Pre-financing</i>	2.3	66	2
<i>Exchange receivables and non-exchange recoverables</i>	2.4	3 307	2 713
		<b>3 373</b>	<b>2 715</b>
<b>TOTAL ASSETS</b>		<b>3 809</b>	<b>3 336</b>
<b>CURRENT LIABILITIES</b>			
<i>Payables</i>	2.5	(1 300)	(1 054)
<i>Accrued charges and deferred income</i>	2.6	(632)	(551)
		<b>(1 933)</b>	<b>(1 605)</b>
<b>TOTAL LIABILITIES</b>		<b>(1 933)</b>	<b>(1 605)</b>
<b>NET ASSETS</b>		<b>1 876</b>	<b>1 731</b>
<i>Accumulated surplus</i>		1 731	1 239
<i>Economic result of the year</i>		146	492
<b>NET ASSETS</b>		<b>1 876</b>	<b>1 731</b>

## STATEMENT OF FINANCIAL PERFORMANCE

		EUR '000	
	Note	2016	2015
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
<i>Subsidy from the Commission</i>	3.1	8 715	8 562
<b>Total</b>		<b>8 715</b>	<b>8 562</b>
<b>Revenue from exchange transactions</b>			
<i>Other exchange revenue</i>	3.2	21	73
<b>Total</b>		<b>21</b>	<b>74</b>
		<b>8 736</b>	<b>8 636</b>
<b>EXPENSES</b>			
<i>Operating costs</i>	3.3	(4 682)	(4 131)
<i>Staff costs</i>	3.4	(2 812)	(2 955)
<i>Other expenses</i>	3.5	(1 096)	(1 059)
		<b>(8 590)</b>	<b>(8 145)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>146</b>	<b>492</b>