

DECISION 16/2015/GB

OF THE GOVERNING BOARD OF THE EUROPEAN POLICE COLLEGE

ESTABLISHING THE ANALYSIS AND ASSESSMENT

OF THE CONSOLIDATED ANNUAL ACTIVITY REPORT 2014

Adopted by the Governing Board

on 19 May 2015

THE CEPOL GOVERNING BOARD,

Having regard to Council Decision 2005/681/JHA¹, and in particular Article 10(9)(e) 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 2014;

HAS ADOPTED the *Analysis and Assessment of the Consolidated Annual Activity Report 2014*, as set out in the Annex to this decision.

Done in Jurmala, Latvia, 19 May 2015

For the Governing Board

Gatis Švika
Chair of the CEPOL Governing Board

ANNEX 1:

Analysis and Assessment of the Consolidated Annual Activity Report 2014

¹ OJ L 256, 1.10.2005, p. 63. Decision as amended by Regulation (EU) No 543/2014 (OJ L 163, 29.5.2014, p. 5).

Annex

ANALYSIS AND ASSESSMENT

OF THE CONSOLIDATED ANNUAL ACTIVITY REPORT 2014

The Governing Board took note of the Consolidated Annual Activity Report for the financial year 2014, in accordance with Article 47 of the Financial Regulation applicable to CEPOL.

The report covers the main activities of CEPOL in 2014, clearly identifies the risks associated with CEPOL operations, duly reports on the use made of the resources provided and indicates the efficiency and effectiveness of the internal control system.

The Governing Board, based on its analysis and assessment of the Consolidated Annual Activity Report, notes in particular that:

- in 2014, CEPOL faced the critical task of ensuring business continuity while at the same time preparing and implementing its removal from the United Kingdom to its new seat in Budapest, Hungary. This enterprise was overall a success, with no disruptions in the delivery of learning and training services to the Member States and the EU law enforcement community at large;
- in terms of the delivery of its core business, CEPOL managed to meet or exceed its expected results all across the board; in 2014, CEPOL organised 125 activities, made up of 71 residential activities and 54 online seminars. In spite of the challenges posed by the relocation, 2014 turned out to be the highest performing year for the agency with 10,322 participants at CEPOL activities in 2014 versus 8,251 in 2013;
- since the introduction of online learning solutions, CEPOL has been steadily extending the reach of its activities. This was largely due to the increasing popularity of CEPOL's online offer and on the decision to fully fund more places on residential courses;
- the quality of CEPOL products as measured by the stakeholders' and clients' satisfaction rate remained exceptionally high with 92% of participants stating that they were very satisfied or satisfied with the activities;
- CEPOL continued to engage in constructive dialogue and to work in close partnership with the European Institutions, primarily the European Commission. The portfolio of activities developed for 2014 features eleven strategic priorities areas. Activities covered issues ranging from leadership to law enforcement techniques and EU cooperation to economic crime. Learning products were designed to facilitate sharing of knowledge and good practices, and to contribute to the development of a common European law enforcement culture. CEPOL continued to implement courses related to fundamental rights and ethics as core elements;

- progress has been made towards establishing the European Joint Master Programme 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;
- in terms of human resources management, in the particularly critical year of relocation CEPOL was able to retain the overwhelming majority of its staff, offering them suitable working and welfare conditions at its new seat, and still being able to attract new talents into the structure;
- as far as sound financial management is concerned, CEPOL continued to respect the strict standards of legality and regularity enshrined in the Financial Regulation, and made further progress towards improving its management system in line with the recommendations of external and internal auditors; by the end of the year 82% of budget implementation has been realised, while 15% of the budget has been carried over to 2015; the carried over is higher than in 2013 (11%) but justified, as the relocation of CEPOL took place in September 2014 and most of the purchases and service required for operating in the new headquarters were formalised at the end of the year.

The Governing Board takes note that the identified risks were successfully managed with mitigation actions and that the risks triggered by the relocation of the agency did not adversely impact on the business continuity.

The Governing Board takes note of the declaration of assurance of the Director and appreciates the information provided on all the underlying buildings blocks for assurance that underpin the declaration. The Governing Board positively notes that all internal audit recommendations from the previous years have been implemented and there were no critical findings from the external auditor with respect to the legality or regularity of transactions in the last year.

The Governing Board considers that CEPOL has effectively delivered the expected products and services in accordance with the 2014 Work Programme. The Governing Board congratulates CEPOL's staff and management on the results achieved in 2014 and expresses its satisfaction and appreciation of the high level of commitment and quality of work.

The Governing Board confirms that its analysis and assessment of the Consolidated Annual Activity Report for the financial year 2014 is positive and that the report in its opinion provides the necessary assurance for the positive assessment of the results achieved in 2014.



Consolidated Annual Activity Report 2014

European Police College (CEPOL)

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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Governing Board's analysis and assessment

Adopted on 19 May by Decision 15/2015/GB

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The Governing Board, based on its analysis and assessment of the Consolidated Annual Activity Report, notes in particular that:

- in 2014, CEPOL faced the critical task of ensuring business continuity while at the same time preparing and implementing its removal from the United Kingdom to its new seat in Budapest, Hungary. This enterprise was overall a success, with no disruptions in the delivery of learning and training services to the Member States and the EU law enforcement community at large;
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- in terms of human resources management, in the particularly critical year of relocation CEPOL was able to retain the overwhelming majority of its staff, offering them suitable working and welfare conditions at its new seat, and still being able to attract new talents into the structure;

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The Governing Board confirms that its analysis and assessment of the Consolidated Annual Activity Report for the financial year 2014 is positive and that the report in its opinion provides the necessary assurance for the positive assessment of the results achieved in 2014.

For the Governing Board

Gatis Švika
Chair of the CEPOL Governing Board

Introduction

CEPOL was set up by Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL), as last amended by Regulation (EU) No 543/2014 of 15 May 2014 changing the seat of CEPOL from Bramshill, UK to Budapest, Hungary. Its partner DG of the European Commission is the General Directorate for Home Affairs. The Governing Board is composed of representatives of all Member States, who are usually heads of the national police training institutes. Representatives of the Commission, the General Secretariat of the Council of the European Union, Europol and the Association of the European Police Colleges are invited to attend meetings as non-voting observers.

The aim of the agency is to help train senior police officers in the Member States by optimising cooperation between the agency's various components. It shall support and develop a European approach to the main problems facing Member States in the fight against crime, crime prevention and the maintenance of law and order and public security, with particular focus on the cross-border dimensions of those problems.

A new mandate for CEPOL is scheduled to be adopted by the co-legislators in 2015. It can be reasonably expected that the new legislation shall have significant impact on the remit of the agency and its workload, working practices, and methodologies. The draft Regulation seeks to improve EU security through the implementation, by CEPOL, of a new training approach for EU law enforcement officials, consistent with evolving priorities for operational law enforcement cooperation.

CEPOL's mission, vision and values are defined by the Governing Board Decision 43/2010/GB.

Mission

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

Vision

CEPOL is 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

Executive Summary

The Year in Brief

In May 2014, the final decision was made for CEPOL to relocate its seat from the United Kingdom to Hungary. The United Kingdom gave notice that the relocation had to be completed by 30 September 2014.

On 1 October 2014 CEPOL started operating in Budapest, Hungary. The relocation and removal activities were successfully completed within 4 months from the legislative decision, with no disruptions in the delivery of learning and training services.

CEPOL managed to meet or exceed its expected results all across the board; as a matter of fact 2014 was CEPOL's highest performing year since it was established as an agency of the European Union. The quality of its products as measured by the stakeholders' and clients' satisfaction rate remained extremely high. Demand for CEPOL's learning and training products in 2014 significantly exceeded their availability.

Key Performance Indicators

Quality Management has been implemented at CEPOL as an integrative management practice that focuses on meeting or exceeding stakeholder and public expectations. Quality is not an additional step of control or inspection, but an integral part of daily business. Quality Management reinforces the achievement of strategic goals and objectives of the agency.

For the past four years the CEPOL Balanced Scorecard has been effectively used for monitoring and reporting the process outputs and outcomes in relation to quantitative and qualitative targets stipulated in the Strategy Plan 2010-2014. The vast majority of targets have been successfully reached or exceeded, demonstrating the agency's efficiency.

In 2014, a new short-term strategy has been adopted by the Governing Board as a "bridging measure" addressing the transition phase of the agency towards a new legal mandate, as well as the challenges connected to its relocation. The document sets new strategic objectives and provides new Key Performance Indicators and Performance Indicators.

During the transition period the aim of the short-term strategy is to maintain the quality of the training provision and the effectiveness and efficiency of its implementation. This strategy also accounts for future legislative proposals of the European Commission amending decision 2005/681/JHA, in light of the future tasks envisaged for CEPOL such as those outlined in the Communication from the Commission, Establishing a European Law Enforcement Training Scheme¹.

¹ Brussels, 27.3.2013, COM(2013) 172 final

Summary of the agency's performance in 2014, 2013, 2012 and 2011 – five most relevant KPIs

Key Performance Indicators	Target 2014	Performance 2014	Performance 2013	Performance 2012	Performance 2011
Overall customer satisfaction (with activities)	91%	92%	94%	93%	93%
External stakeholder satisfaction ²	80%	N/A	71%	-	-
Implementation of planned activities (Annual Work Programme) Aggregated data: <ul style="list-style-type: none"> • Common Curricula adopted • e-Learning modules adopted • Strategic initiatives launched • JHA Scorecard implemented 	95%	156%	104%	99%	N/A
Implementation of the Establishment Plan	95%	92%	92%	84%	91%
Consumption of annual budget (Titles 1, 2 and 3) ³	T1: 95% T2: 95% T3: 80%	T1: 95% T2: 39% T3: 75% Total = 82%	T1: 96% T2: 87% T3: 92% Total = 93%	T1: 100% T2: 99% T3: 91% Total = 92%	T1: 97% T2: 96% T3: 79% Total = 88%

Key conclusions on training and learning activities, external relations (executive summary of Part 1)

In 2014, CEPOL organised 125 activities, made up of 71 residential activities and 54 webinars. In spite of the challenges posed by the relocation, 2014 turned out to be the highest performing year for the agency with 10,322 participants at CEPOL activities in 2014 versus 8,251 in 2013.

In 2014, the overall CEPOL satisfaction rate remained exceptionally high with 92% of participants stating that they were very satisfied or satisfied with the activities.

Since the introduction of online learning solutions CEPOL has been steadily extending the reach of its activities. This was largely due to the increasing popularity of CEPOL's online offer and on the decision to fully fund more places on residential courses.

The portfolio of activities developed for 2014 features eleven strategic priorities areas. Activities covered issues ranging from leadership to law enforcement techniques and EU cooperation to economic crime. Learning products were designed to facilitate sharing of knowledge and good practices, and to contribute to the development of a common European law enforcement culture. CEPOL continued to implement courses related to fundamental rights and ethics as core elements.

² Measured every two years

³ The 2014 performance is based on actual payments in 2014 (without the amounts carried over for payment in 2015); the final figures are therefore subject to change. The maximum consumption rate could reach by the end of 2015 for T1: 99%, T2: 96%, T3 94%.

CEPOL also continued to offer a number of dedicated resources to trainers with particular emphasis on maintaining the relevance of existing products. In 2014 four common curricula were adopted formally by the Governing Board (Drug Trafficking, Counter-Terrorism, Eurojust, and Money Laundering).

In the area of external relations CEPOL continued in 2014 its fruitful cooperation with Candidate, Potential Candidate and ENP/EaP as well as Strategic Partners, JHA agencies and EU institutions, including DG HOME and the European External Action Service.

In 2014, CEPOL concluded the negotiations for two working arrangements, one with the Former Yugoslav Republic of Macedonia and another with Bosnia and Herzegovina. The latter was signed in December 2014, while the former is awaiting the exchange of letters. Negotiations advanced with training institutes in the United States and Ukraine, as well as with Serbia and Kosovo.

CEPOL, in close cooperation with JHA Agencies, the EJTN and the ESDC developed a training matrix which provides the state of play of training activities delivered by those bodies. This is in view of better coordination and possible synergies in line with the Law Enforcement Training Scheme (LETS).

In 2014, CEPOL supported seven capacity building projects implemented by EU Member States or by international organisations; those spanned from e-Learning methodologies through training against child sexual exploitation to civilian crisis management and other important policing topics.

Further details on achievements in the area of core business can be found in Part 1.

Key conclusions on management of human resources

By the end of 2014, the agency had 26 temporary agents and 8 contract agents in post. When measured against the actual allocation of posts in the Establishment Plan (27 and 10 respectively), this can be considered as a very good result. Member States also seconded a total of 5.5 national experts (SNE) in the course of the year, corresponding to the full allocation for this category of personnel.

CEPOL conducted 10 recruitment campaigns in 2014, attracting 737 applications. Of these campaigns five were completed by the end of the year. The agency also managed to comply with human resources ceiling set by the Budgetary Authorities for 2014 by outsourcing part of its accounting services to the European Commission, and in parallel terminating one AST -3 position.

Only 3 staff members did not report for duty in Budapest once the Agency relocated on 1 October 2014.

The very tight timelines given for the removal of CEPOL posed the additional challenge of keeping CEPOL staff fully informed on the progress of the relocation and at the same time keep personnel motivated and able to deliver.

CEPOL staff was constantly kept informed on progress via, inter alia, periodical newsletters focussed on relocation, dedicated staff meetings and individual dialogues, and a series of other measures addressing the human aspects of relocation. Schooling fees were dealt with as a matter of priority to ensure children of staff members would continue to have access to international education once in Budapest, given the lack of public education in English. A solution for this was found as the Commission services and the Governing Board ultimately agreed to support this welfare measure.

Further details on management of human resources can be found in Part 2, point 2.4.

Key conclusions on management of financial resources

Two major events had an impact on the financial performance of CEPOL in 2014: the outsourcing of the accounting services to the European Commission Accounting Officer on 1 April and the relocation of the Agency.

CEPOL's budget for 2014 was € 8,861,000 out of which € 8,575,858.50 constitute the EU subsidy, and the remaining € 285,141.50 derive from assigned revenue added to the annual budget for the relocation. The 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 2014, 97.40% of the budget has been committed, out of which 82.40% has been paid.

Many of the purchase and service requests required for operating in the new headquarters were formalised at the end of the year; some training courses were organised in January-February 2015; hence, many invoices were not received before the closure of the financial year. This resulted in € 1,287,094 being carried over to 2015, representing 15% of the overall 2014 budget.

The cost of the relocation from Bramshill, UK to Budapest, Hungary has been estimated at approximately €1M (€ 1,006,515) jointly financed by the European Commission (€ 285,141.50), the United Kingdom Authorities (€ 285,141.50) and CEPOL's annual budget (€ 436,232). CEPOL financed its portion out of savings deriving from the lower correction coefficient applied to staff entitlements in Hungary.

By the end of 2014, € 613,675 were committed for relocation costs, out of which € 360,161 have been paid. A total of € 459,179 has been carried forward to 2015 to cover existing legal obligations in relation to the relocation towards contractors and CEPOL staff. It is expected that all funds carried forward will be fully used in 2015. The total relocation cost will be known by the end of 2015 and are estimated at around € 820,000.

Further details on management of financial resources can be found in Part 2, point 2.3.

In 2014 CEPOL's Governing Board outsourced its accounting services to the European Commission to reduce administrative expenses. The appointment of Commission Accounting Officer as CEPOL Accounting Officer became effective in April 2014.

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. 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 two years.

CEPOL has adopted a set of internal control standards, based on the 16 internal control standards of the European Commission aimed at ensuring the achievement of strategic and operational objectives. As required by the Financial Regulation, the Director put in place a suitable organisational structure and the required internal control systems to achieve the operational and control objectives, and having due regard to the risks associated with the environment in which CEPOL operates.

As reported in Part 3, CEPOL has a constant progress towards full compliance with the 16 internal control standards.

In 2014 CEPOL continued to implement actions identified in the Roadmap on the follow-up to the Common Approach on EU decentralised agencies. In November 2014 CEPOL's Governing Board adopted the *Policy on Management of Conflict of Interest* (32/2014/GB) and *CEPOL's Antifraud Strategy* (33/2014/GB) developed in line with the guidelines issued by OLAF.

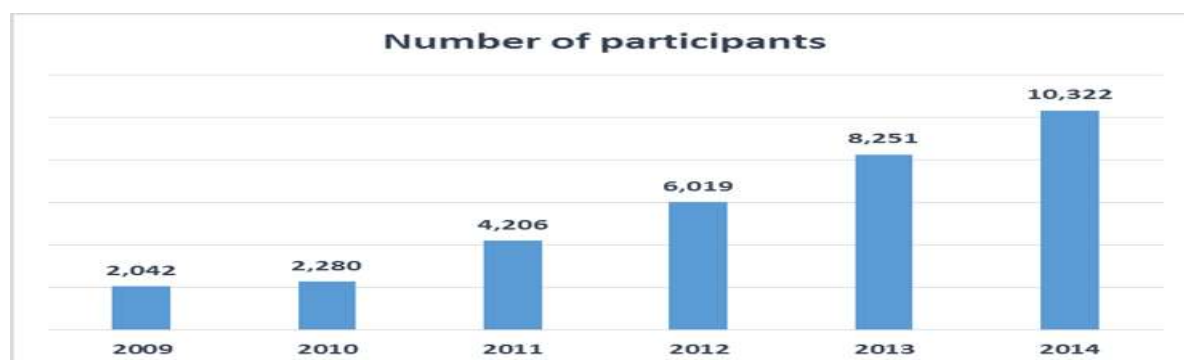
Further details regarding the assessment of the effectiveness of the internal control systems can be found in Part 3.

Part I. Achievements of the year

1.2 Training and Learning activities organised in 2014

Goal 1: The CEPOL network functions as a European law enforcement education platform on the highest level of international excellence	
Strategic Objective 1.1	To deliver quality training courses on specific subjects
Performance in 2014	Implementation of training activities (residential training and webinars) Target 2014: 95% Performance 2014: 110% Performance 2013: 105% Overall customer satisfaction with activities (residential training, webinars and exchange programme) Target 2014: 91% Performance 2014: 92% Performance 2013: 94%

Chart title: Participation in CEPOL activities 2009-2014*



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

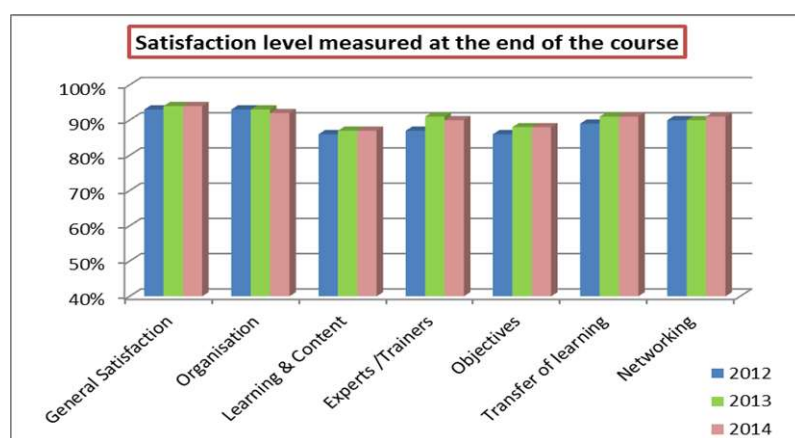
1.2.1 Residential training activities

Strategic Objective 1.1	To deliver quality training courses on specific subjects
Strategic Objective 1.2	To deliver training for senior leaders
Strategic Objective 3.2	Associated States are considered as the closest partners
Strategic Objective 3.3	Assisting Candidate and Accession Countries, Neighbourhood Policy and Eastern Partnerships
Performance in 2014	Implementation of residential activities Target 2014: 95% Performance 2014: 101% Performance 2013: 101% Activities implemented after awarding the Grant Agreement (by the Framework Partners) Target 2014: 85% Performance 2014: 98% Performance 2013: 100% Grant Agreement's budget planned versus implemented (by the Framework Partners) Target 2014: 85% Performance 2014: 83% Performance 2013: 81% Customer satisfaction with activities (residential training) Target 2014: 91% Performance 2014: 94% Performance 2013: 94% Number of senior leader participants in CEPOL activities Target 2014: 50% Performance 2014: 54% Performance 2013: 60%

In 2014, 70 residential activities (courses, seminars and conferences) were planned and **71 were implemented** bringing together **2,098 participants**. This was 8% higher than the forecasted number of participants (1,944). The participation rate remained high (108%) compared to previous years (116% in 2013, 96% in 2012 and 80% in 2011). The average number of participants per course was 30. The average number of Member States participating in a course was 20. This level of engagement sets a record in CEPOL's history (18 in 2013, 15 in 2012, 14 in 2011). Of the total number of participants, 54% were senior leaders.

CEPOL successfully maintained the outstanding quality level of the residential activities in 2014 as the **general participant satisfaction rate reached 94%**. Course evaluation is based on several elements ranging from logistics and organisation to the achievement of learning objectives; the satisfaction rate remained excellent across the board.

Chart title: Satisfaction levels measured at the end of classroom-based courses



The evaluation of activities is an essential task for CEPOL to monitor and maintain the quality of training and its impact. CEPOL's evaluation system is based on the Kirkpatrick model, with a methodology specifically adapted to CEPOL's structure and environment. CEPOL conducts evaluations at level 1 (immediately after residential activities, webinars and European Police Exchange Programme) and at level 3 (post-course evaluations take place after residential activities only). Post-course evaluations are carried out on both participants and their line managers approximately six months after a residential activity has finished.

In 2014, the agency completed its **post-course evaluation for 2013 residential activities**. Quantitative and qualitative post-course evaluation data was collected and analysed for 64 out of 72 residential activities. The post-course evaluation surveys appraised the long term practical efficiency of CEPOL courses.

In brief, the conclusions from this evaluation are as following:

- CEPOL residential trainings are relevant and practical, and they are well appreciated by the overwhelming majority of former participants and their line managers.
- The practical applicability of CEPOL trainings and the satisfaction with the networking possibility has improved when compared to 2012.
- The vast majority of the participants demonstrated outstanding commitment to post-course studies.

- CEPOL is able to reach a wide audience in the Member States by cascading the knowledge acquired by participants during the training activities.

More specifically, feedback from participants included the following:

- 87% of participants confirmed the relevance of CEPOL activities (figure 2% higher than in 2012 courses)
- 70% of participants have been able to practically apply the knowledge gained from their activity to their work (figure 4% higher than in 2012 courses)
- 85% of participants continued to study their activity topic after the residential activity had finished, demonstrating forceful and steady dedication towards learning. This includes re-reading course material, further researching the topic and discussing the topic with others (figure 1% higher than in 2012 courses)
- 94% of participants cascaded the obtained knowledge in their professional environment
- 55% of the former participants reported to uphold their newly acquired professional contacts (figure 4% higher than in 2012 courses)

Feedback from line managers included the following:

- 96% of line managers asserted that the course participants used the acquired knowledge/skill in their daily work
- 94% of line managers declared that the officer participating in the course was able to cascade gained knowledge.

Grant agreements

In total 63 activities were awarded a grant in 2014. 62 of them were implemented and one was cancelled. In 2014, €1,391,752 was budgeted to for grant-financed activities while €1,158,225 was spent (17% underspending). The staff of the agency implemented 9 activities directly.

In 2014, the call for new Framework Partners among police training institutions was launched and completed. As a result 35 Framework Partnership agreements (FPAs) were concluded for the period of 2015-2018.

European Joint Master Programme (EJMP)

The European Joint Master Programme is 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.

The Governing Board mandated in 2013 a Working Group, assigned with the task of developing a Master's curriculum. 12 delegates from Police Academies along with University representatives from 10 EU countries participated in the Working Group. They developed a Consortium Agreement that was signed on 9 December 2014.

On 10 December 2014, the first meeting of the Master Steering Board took place. The accreditation procedure was launched at the end of 2014 and the accreditation agreement is expected to be signed in April 2015.

1.2.2 E-learning: bringing lifelong opportunities to a wider audience

Strategic Objective 1.1 Strategic Objective 1.5	Delivering quality training courses on specific subjects Develop further and easier access to e-Learning systems
Performance in 2014	Overall customer satisfaction webinars: Target 2014: 91% Performance 2014: 91% Performance 2013: 91% Number of CEPOL e-Learning modules adopted and revised Target 2014: N/A Performance 2014: N/A Performance 2013: 5

CEPOL's e-Learning complements CEPOL's residential learning and training activities as well as the European Police Exchange Programme. Participants can choose from online modules, webinars and platforms for online communities as a means of increasing knowledge, sharing experiences and becoming more competent police or law enforcement professionals via self-paced, individually directed learning or blended add-on to residential training, accessible at any time from any location.

Additional emphasis is laid on the capacity building of European police and law enforcement training authorities in the development and application of the CEPOL e-Learning instruments. Forums, communities of practice and online meetings enable cross-border peer groups to meet virtually, share experiences and seek support. As a result, professional life-long learning is continuously brought closer to police and law enforcement officers in the European Union. While participation in CEPOL's e-Learning activities is also designed for self-paced learning by individual users, it is not intended to replace classroom-based training, study visits or exchanges.

Overall e-Learning participation

In 2014 a total of 7,912 users took part in e-Learning activities (see table below).

2014 CEPOL e-Learning users per activity	N users
Webinars	5,399
Online modules	2,513
Total	7,912

Webinars

In 2014, CEPOL implemented 54 webinars attracting a total of 5,399 participants. Of these online events 44 were from the annual work programme and a further eight were implemented based on *ad-hoc* needs, plus two from a reserve list. The overall participant satisfaction for the 2014 webinars was high at 91%.

Online learning modules

By 31 December 2014, CEPOL had 23 online learning modules available on its learning management system (LMS) of e-Net, visited by 2,513 users.

The overview below features the division of unique users per module in 2014.

Online learning module	N users 2014
Official CEPOL modules	
Cybercrime	319
EU Police Cycle for Organised and Serious International Crime	100
Europol	232
Gender Based Violence	74
Joint Investigation Teams	229
Money Laundering	95
Lisbon Treaty	47
Pruem Decision	62
Police English Language: Station, Equipment & Officers	374
Police English Language: Policing Domains	154
Schengen	203
Trafficking Human Beings	131
SIS II	68
Other CEPOL modules	
CEPOL's Approach to Online Learning and Training	53
LMS Use for Courses: Course Image 6.0	49
Webinars for Educators	83
How to write learning objectives	60
Exchange Programme Knowledge Landscape of Narrative Reports	17
Third Party online modules	
CoPPRa (Community Policing Preventing Radicalisation & Terrorism)	81
E-Campus Policing Europe Showcase*	16
PCC SEE: Hot Pursuit*	23
PCC SEE: Mixed Patrols*	20
PCC SEE: Data & Information Exchange	23
Total	2,513

* New online module for 2014.

Platforms for communities of practice

Through communities of practice, CEPOL supports educators and trainers and participants of the European Police Exchange Programme. The platform for Schengen Information System II Supplementary Information Request at the National Entry (*SIRENE*) provided essential support to the knowledge management within their network community of professionals. In 2014, additional platforms have become operational for the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA): one for *SIS II* and one for the *EURODAC* system.

In 2014, the platforms for communities of practice were populated by 2,588 law enforcement professionals.

1.2.3 Research & Science

Objective 1.6	Quality learning shall be the acknowledged ethos of CEPOL's reputation and prestige
Performance in 2014	Number of registrations in the European Trainers and Lecturers Database Target 2014: 200 (cumulative) Performance 2014: 293 (194 Trainers and Lecturers and 99 Researchers) Performance 2013: 116 (70 Trainers and Lecturers and 46 Researchers)
Goal 2: CEPOL will be developed into a European law enforcement knowledge base	
Strategic Objective 2.1 Strategic Objective 2.2 Strategic Objective 2.3 Strategic Objective 2.4	Broadening the knowledge base by continued development of the e-Library Orientation and facilitation of research, support to researchers and scientists Ensuring forums for debate, sharing of research findings and moderating interaction between senior practitioners and researchers Foundation and maintenance of European database of law enforcement researchers, scientists and research
Performance in 2014	Number of items published in the e-Library Target 2014: 1,900 (cumulative) Performance 2014: 1,603 Performance 2013: 1,553 Publication of R&S Bulletin Target 2014: 2 issues Performance 2014: 2 Performance 2013: 2 Number of participants at research conferences Target 2014: 100 Performance: N/A (cancelled) Performance 2013: 126

CEPOL's activities in the field of research and science are designed to facilitate the sharing of knowledge and support the role of research in policing.

Lecturers, Trainers and Researchers Database (LTRdb):

Launched in mid-2013, the LTRdb has been established to ensure qualitative learning and facilitate easier access to qualified experts for those in charge of planning and organising CEPOL activities. It contains data on lecturers, teachers, and scientific researchers considered eligible to contribute to CEPOL learning activities based on their subject knowledge, teaching skills or scientific research. In 2014 the number of registered experts grew considerably with 293 individuals enlisted by the end of the year. With a few exceptions, all Member States as well as European agencies like Europol and EMCDDA have nominated experts. To facilitate the search process for course organisers, CEPOL has developed a prototype model for online-access.

CEPOL European Police Research and Science Conference

The Annual CEPOL European Police Research and Science Conference 2014 had to be cancelled due to internal difficulties of the organising member state.

Recordings of the presentations of the 2013 Conference were made available to the public on CEPOL's website for the first time.

Publications and Knowledge Management

With the support of the CEPOL network of National Research and Science Correspondents and the Working Group on the Implementation and Evaluation of Research and Science Activities supported by CEPOL (*IERSA WG*), two new issues of the '*European Science and Research Bulletin*' (No 10 and 11) were published.

In 2014, CEPOL offered for the first time online-access to relevant police science journals for registered CEPOL eNet-users. Users had access to nine professional scientific titles, including leading international periodicals like *Policing & Society*, *Police Practice and Research* and *Policing* – a journal of policy and practice. CEPOL conducted a survey among Member States about the awareness of the availability and future needs in this area.

The CEPOL e-Library continued to offer a knowledge repository for registered e-Net users. By end 2014, there were 1,603 publications available in the e-Library.

Support of network activities

The annual meeting of the network of National Research and Science Correspondents was organised and the progress of the national implementation plans were discussed.

In 2014, CEPOL launched two surveys:

- on the European Law Enforcement Education Systems aiming at gathering data on the status of educational and training programmes aligned with Bologna criteria in Europe;
- on the “Incorporation intensity and quality of research and science findings in CEPOL learning and training activities”.

The development and analysis of the surveys is conducted by dedicated CEPOL Working Groups comprised of experts from the Member States.

1.2.4 European Police Exchange Programme

Strategic Objective 1.3	Exchange programmes, as an essential element of learning, promote, facilitate and develop cooperation
Performance in 2014	Overall participant satisfaction Target 2014: 80% Performance 2014: 91% Performance 2013: 98%

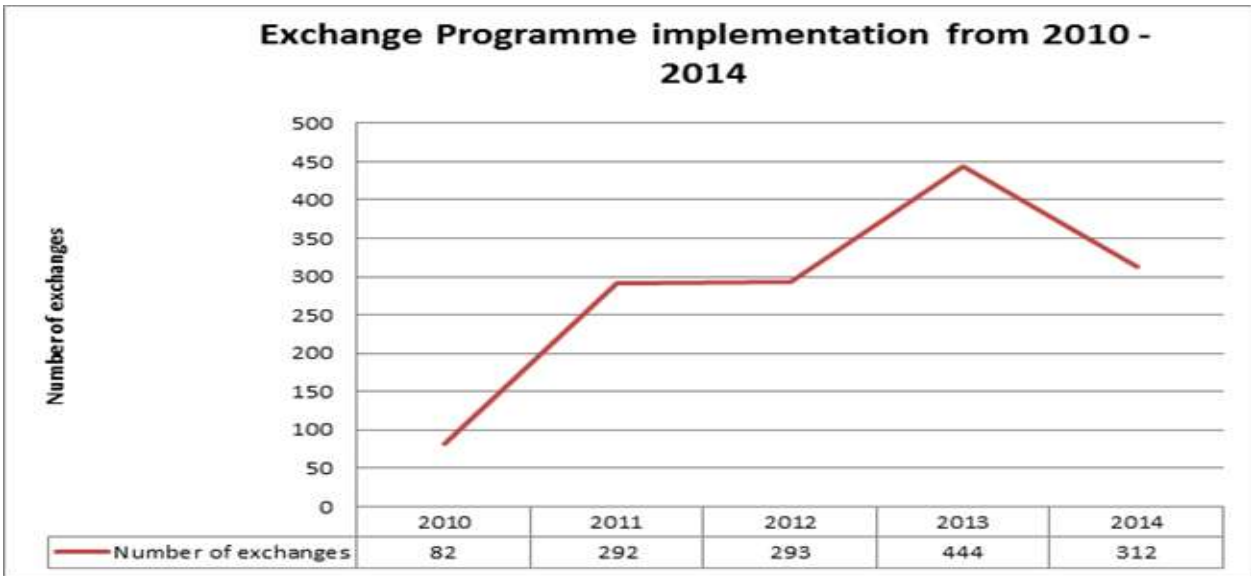
Although an Exchange Programme has been running since 2006 initially financed by AGIS and ISEC funds, the current Erasmus-style European Police Exchange Programme (*EPEP*) was established following Council Conclusions in 2010. The Council tasked CEPOL to implement the EPEP and envisioned additional 5M€ for its implementation. Although it was a new task, no additional resources were in fact given to the agency; hence CEPOL is implementing the EPEP using its core budget, which in fact affects significantly the extent to which the programme can be implemented. The main objective of the programme is to enhance police cooperation on combating crime through training, and is organised on the basis of enhanced mobility, mutual learning and the exchange of experiences and good practices. The programme itself, by now a flagship CEPOL activity, provides participants with the opportunity to create a network of colleagues and familiarise themselves with the working methods of other countries.

EPEP allows participants to spend one week with a counterpart in their hosting country, exchanging knowledge and good practices, initiating cooperation projects and fostering deep and long-lasting networking. Above all, exchanges promote trust and cooperation between law enforcement staff from different police 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. EPEP is available for police officers and trainers of the EU Member States, EU Candidate Countries, Western Balkan and European Eastern Partnership countries.

In 2014, the EPEP was further refined to better reflect the requirements of the European Union's internal security strategy and the EU Policy Cycle. Thematic areas of study were better 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.

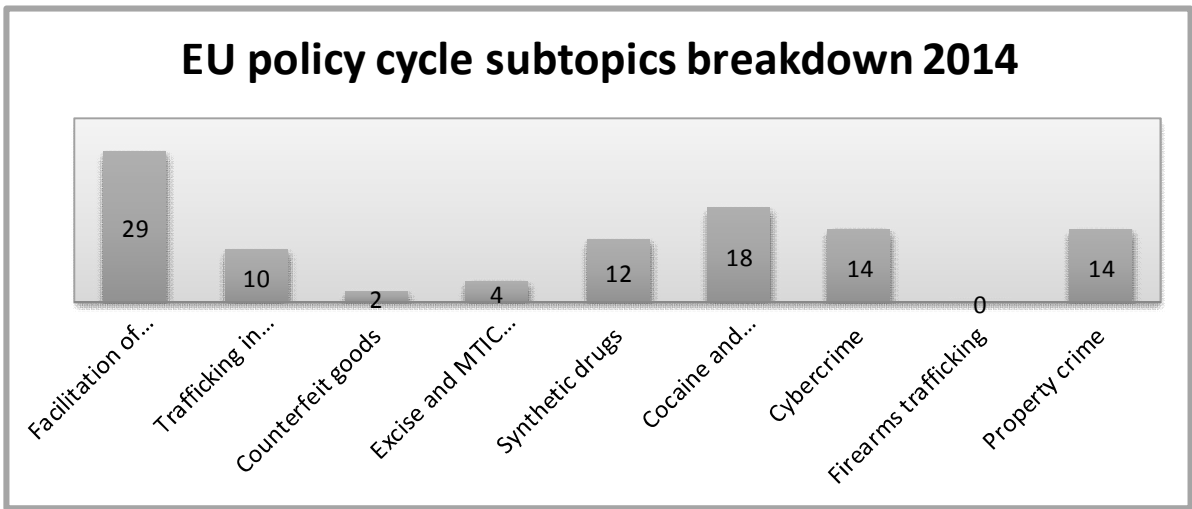
Despite a high demand (408 applications), 312 participants were exchanged with the allocated budget.

Chart title: Participation in the Exchange Programme



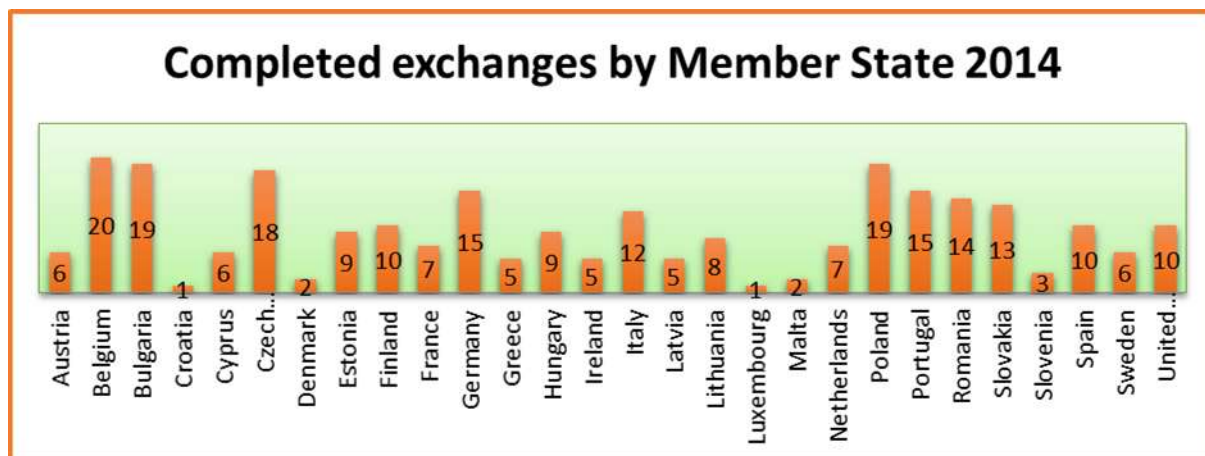
The EPEP promoted exchanges supporting the EU Policy Cycle priorities. One third of exchanges supported the EU Policy Cycle priorities.

Chart title: Policy Cycle priorities



All 28 European Union member States participated in EPEP in 2014 thus acknowledging high EU relevance of the programme.

Chart title: EU MS participation



Candidate Countries (CC), European Eastern Partnership (EaP) and Western Balkan (WB) countries also participated to the EPEP.

Chart title: CC, EaP, & WB participation



1.2.5 Common Curricula

Strategic Objective 1.4	Common Curricula contribute to the preparation of harmonised training programmes in accordance with EU standards
Performance in 2014	Number of common curricula adopted by the GB Target 2014: 2 Performance 2014: 4 Performance 2013: 5

Common Curricula provide Member States with specific training material on EU and international police cooperation tools as well as on cross-border crime threats, which can be incorporated into national training curricula. Their importance has been stressed in the context of the European Law Enforcement Training Scheme.

To ensure high quality and up-to-date training material, CEPOL maintains the relevance of existing curricula by periodically revisiting them. In 2014, two Common Curricula were updated: Money Laundering and Trafficking in Human Beings (*THB*). Dedicated teams of experts from Member States, Europol, Frontex and EASO brought the content in line with the most recent and relevant developments and with the objectives of the EU Policy Cycle.

In 2014 four common curricula were adopted formally by the Governing Board: 3 that were updated in 2013 (Drug Trafficking, Counter-Terrorism and Eurojust) and one updated in 2014 - Money Laundering.

There are currently nine adopted Common Curricula available:

- *Counter-Terrorism (adopting Decision 22/2014/GB);*
- *Europol (adopting Decision 25/2012/GB),*
- *Drug Trafficking (adopting Decision 24/2014/GB),*
- *Police Ethics and Integrity (adopting Decision 5/2013/GB),*
- *Money Laundering (adopting Decision 23/2014/GB),*
- *Trafficking in Human Beings (adopting Decision 7/2013/GB),*
- *Domestic Violence (adopting Decision 10/2013/GB) ,*
- *Civilian Crisis Management (adopting Decision 11/2013/GB)*
- *Eurojust (adopting Decision 25/2014/GB)*

All Common Curricula were made available for trainers through the CEPOL Learning Management System on e-Net.

Furthermore, 11 international organisations were offered the use of the Common Curricula.

1.3 External Relations

Goal 3: External relations will be considered and dealt with as the cornerstone of partnerships	
Strategic Objective 3.1	Cooperation with EU agencies and bodies remains the priority
Strategic Objective 3.2	Associated states are considered as the closest partners
Strategic Objective 3.3	Assisting candidate and accession countries, neighbourhood policy countries and Eastern Partnership
Strategic Objective 3.4	Cooperation with globally significant partners
Performance in 2014	<p>Implementation of the JHA Scorecard</p> <p>Target 2014: 95% Progress 2014: 133% Performance 2013: 85%</p> <p>Number of participants from associated countries at CEPOL activities</p> <p>Target 2014: 1% Performance 2014: 1% Performance 2013: 2%</p> <p>Number of participants from candidate, accession and neighbourhood countries at CEPOL activities</p> <p>Target 2014: 1% Performance 2014: 3% Performance 2013: 2%</p> <p>Number of strategic partnership initiatives launched</p> <p>Target 2014: 1 Performance 2014: 2 Performance 2013: 4</p>

In 2014, CEPOL participated to the **contact group of EU agencies** in the field of justice and home affairs. The main initiative launched by CEPOL in close cooperation with its partner agencies was the development of a Training Matrix containing all training activities and products (courses, curricula, online modules) implemented by those agencies.

At the level of **inter-institutional cooperation**, CEPOL maintained very close ties with the partner services of the European Commission, notably DG Home, and continued to attend the relevant sessions of the Standing Committee on Internal Security (COSI), the COSI support group, and the Law Enforcement Working Party (LEWP). Furthermore, CEPOL representatives attended several key regional and international events focused on police and law enforcement training, in addition to supporting international capacity projects such as the EU Police Services Training and others. Relations with the European External Action Service (EEAS) were also strengthened, with the invitation of the Head of the European Security and Defence College (ESDC) to a CEPOL Governing Board meeting.

As far as **Working Arrangements** are concerned, CEPOL signed one with Bosnia and Herzegovina in December 2014, finalised negotiations with the former Yugoslav Republic of Macedonia (pending the exchange of letters after amendments operated by the Council of the EU), and launched negotiations with training institutions in Serbia, Kosovo*, Armenia, Ukraine, and the United States of America.

A number of activities involved police officers from Eastern Partnership and western Balkan countries. These included the **European Police Exchange Programme**, in which 58 law enforcement officers took part, and one **Joint Investigation Team Seminar** organised in Slovenia with the Police Cooperation Convention for South Eastern Europe. The conference booklet on police cooperation with Russia carried out in 2013 was translated and disseminated.

A full overview of CEPOL's cooperation and working agreements is shown below.

Country/ entity	Type of cooperation	Status	Additional information
Turkey	Cooperation Agreement	In force	Takes part in EPEP
Iceland	Cooperation Agreement	In force	
Norway	Cooperation Agreement	In force	
Switzerland	Cooperation Agreement	In force	
Albania	Working Arrangement	In force	Takes part in EPEP
Montenegro	Cooperation Agreement	In force	Takes part in EPEP
Georgia	Cooperation Agreement	In force	Takes part in EPEP
Moldova	Working Arrangement	In force	Invited to EPEP
Bosnia and Herzegovina	Working Arrangement	In force	Invited to EPEP
Russian Federation	Working Arrangement	In force	
Serbia (Republic of)	Working Arrangement	Under negotiation	Text exchanged
Kosovo*	Working Arrangement	Under negotiation	Text exchanged
* 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			
The former Yugoslav Republic Of Macedonia	Working Arrangement	Under negotiations	approved by Council
USA FLETC	Working Arrangement	Negotiation initiated	Study visit to Budapest April
Ukraine	Working Arrangement	Under negotiation with Kiev Academy	Participates to to EPEP
Armenia	Working Arrangement	Under negotiation	Text exchanged; participates to EPEP
Mexico	Informal cooperation	Preparatory phase	Study visit offered at own costs
South Africa	Informal cooperation	Preparatory phase	Study visit offered at own costs
PCC-SEE	Informal cooperation	In force	Attendance at all governance levels; support to an EU funded project
EJTN	Informal cooperation	In force	Cooperation on JITS related activities
AEPC	Memorandum of Understanding	In force	
Europol	Cooperation agreement	In force	Hosts study visits; provides expertise to activities
Eurojust	Cooperation agreement	In force	provides expertise to activities
Frontex	Cooperation agreement	In force	provides expertise to activities
eu-LISA	Working arrangement	In force	
ENFSI	Memorandum of Understanding	In force	Joint activities

Part II. (a) Management

Goal 4: CEPOL will be led and managed as a top-ranking innovative EU Agency	
Strategic Objective 4.1 Strategic Objective 4.2	Application of corporate leadership and management by the Governing Board Application of devolved leadership and management between Director and CEPOL staff
Performance in 2014	Draft GB Decisions resulting in adopted GB Decisions Target 2014: 90% Performance 2014: 100% Performance 2013: 100% Implementation of plans (e.g. procurement, management, risk registry) Target 2014: 90% Performance 2014: 103% Performance 2013: 94%

2.1 Governing Board

In 2014, the Governing Board met twice under the Hellenic and Italian Presidencies. CEPOL's highest institutional body paid special attention to the management of strategic issues: it approved the draft budgets, annual work programmes and controlled the relocation project.

19 Governing Board decisions were adopted by written procedure out of a total of 34, allowing the Board to focus on strategic issues.

Over the past four years the cost of Governing Board meetings has continuously decreased, levelling at maximum €40,000 per meeting (total cost in 2014 was €70,145 as opposed to €72,778.85 in 2013).

CEPOL working groups can be established and terminated by the Governing Board according to 13/2012/GB. In 2014 five working groups were in operation:

- Planning, Programming, Training Needs Analysis and Budgeting (mandate fulfilled, closed in May 2014);
- Elaboration of the Master Course 'Policing in Europe' (mandate fulfilled, closed in November 2014);
- Updating of the Survey on the European Law Enforcement Education Systems (extended to 2015);
- Implementation and Evaluation of Research and Science Activities Supported by CEPOL (extended to 2015);
- Development of short-term strategy for the transition of CEPOL (2015-2016) (extended to 2015).

2.2 Major Developments

The Regulation moving the seat of CEPOL as an independent agency to Budapest, Hungary, was adopted by the co-legislators in May 2014.

In January 2014, a Relocation Project Group and Steering Committee was set up comprising of relevant players from all CEPOL departments. In May 2014, CEPOL management presented the Relocation Plan to the Governing Board at its meeting in Athens under the Greek presidency.

The Management Team worked in close cooperation with the Presidencies and Governing Board. Information sharing and transparency was supplied to the GB members as circumstances evolved. Finally, the relocation budget was developed and a budget amendment was adopted by the Governing Board.

Commission services provided guidance on the relocation of CEPOL.

Close coordination mechanisms were put in place with the Hungarian authorities and with the UK Home Office to prepare for a smooth removal.

In parallel, CEPOL staff was constantly kept informed on progress via, inter alia, periodical newsletters focussed on relocation, dedicated staff meetings and individual dialogues, and a series of measures addressing the human aspects of relocation. The Governing Board and the European Commission services ultimately agreed to support adequate welfare measures.

In order to improve organisational efficiency and effectiveness, structural changes were implemented. The growing demand for EU level law enforcement training stimulated the re-allocation of human resources to build a stronger "Operations Department" where the division of labour between the "Training and Research Unit" (TRU), and the "Strategic Affairs Unit" (SAU) was re-tailored.

In 2014, the Director took 33 administrative decisions. These included decisions on grants procedures, working groups, meeting calendar, budget implementation, planning of internal procedures and revising the agency's organisational structure.

In addition to the ad-hoc meetings on relocation matters, regular coordination meetings were held throughout 2014. The Deputy Director chaired management, financial and general coordination meetings. Furthermore, the agency held quarterly coordination meetings for all staff, chaired by the Director. The Chair of the Governing Board participated at the 3rd quarterly coordination meeting and provided update on recent policy developments. Further, management held formal dialogues with the Staff Committee, whose representatives regularly attended both the relocation and coordination meetings.

The agency continued to implement actions identified in the Roadmap on the follow-up to the Common Approach on EU decentralised agencies. A report to the Governing Board was prepared and endorsed during the November 2014 meeting in Rome under the Italian presidency.

2.3 Budgetary and Financial Management

Strategic Objective 4.5	Budget management ensures implementation of the Annual Work Programme and contributes to CEPOL's future innovation
Performance in 2013	<p>Timely payment of invoices</p> <p>Target 2014: 85%</p> <p>Performance 2014: 86%</p> <p>Performance 2013: 87%</p> <p>Consumption of Annual Budget</p> <p>Target 2014: Title 1: 95%, Title 2: 95%, Title 3: 80% (Total: 90%)</p> <p>Performance 2014*: Title 1: 95%, Title 2: 39%, Title 3: 75 % (Total: 82%)</p> <p>Performance 2013: Title 1: 96%, Title 2: 87%, Title 3: 92 % (Total: 93%)</p> <p><i>* The 2014 performance is based actual payments in 2014 without the amounts carried over for payment in 2015; the final figures are therefore subject to change.</i></p>

2.3.1 Budget 2014 execution - overview

CEPOL's budget for 2014 was € 8,861,000 out of which € 8,575,858.50 correspond to the EU subsidy (C1 budget), while the remaining € 285,141.50 derives from assigned revenue added to the annual budget for the purpose of relocation.

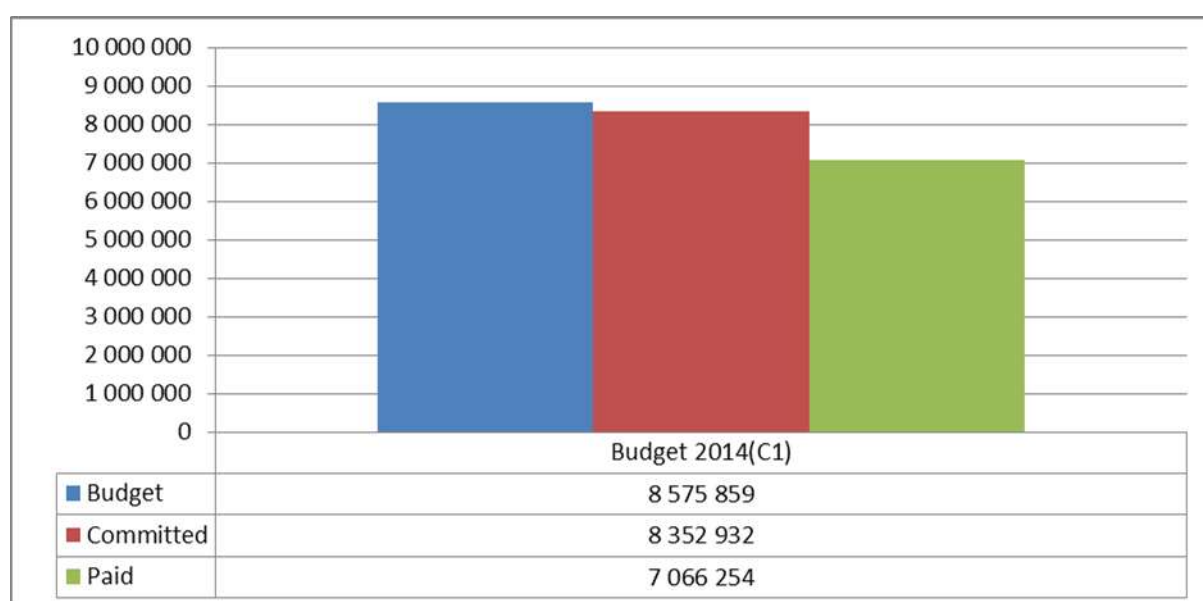
By the end of the year 2014, 97.40% of the C1 budget has been committed, out of which 82.40% has been paid.

For Title 1, 99% of the C1 credits available have been committed and 95% have been paid.

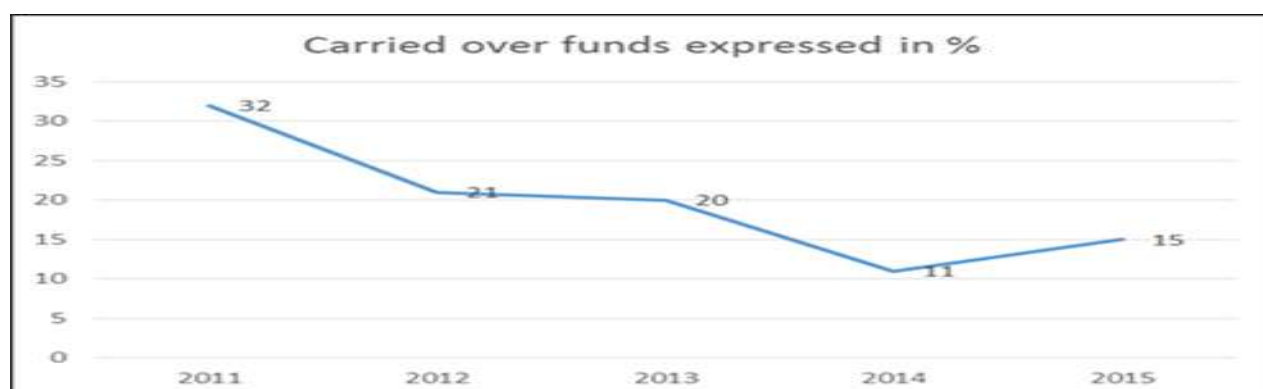
For Title 2, 96% of the C1 credits have been committed and 39% have been paid.

For Title 3, 96% of the available C1 funds have been committed and 75% have been paid.

Budget 2014 – Implementation to 31.12.14



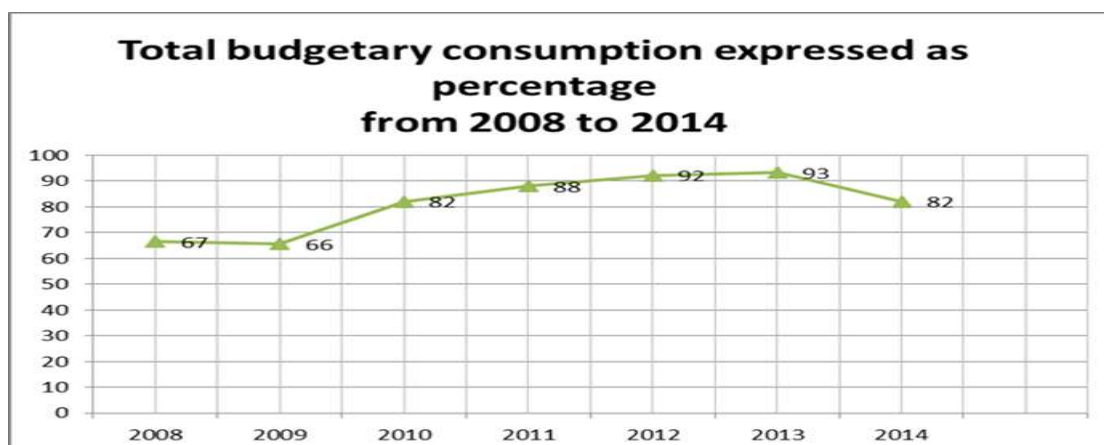
A total of € 1,287,094 (including C1 and C4 funds) has been carried over to 2015, amounting to 15% of the overall 2014 budget. The amount is higher than in the previous year, as the relocation of CEPOL took place in September 2014 and most of the purchases and service requests required for operating in the new headquarters were formalised at the end of the year 2014; some training courses were organised in January-February 2015, hence invoices have not yet been received.



Overview on Budget 2014 execution, status as of 31 December 2014 is provided in Annex II.

Budget execution has been continuously improving since 2010 as the below graph shows. The total 2013 budget implementation has reached **93%** at the end of December 2014.

The 2014 consumption of 82% reflects the situation of payment appropriations at end 2014; however, including the carried over appropriation to 2015, the 2014 budget consumption could theoretically reach 97.40% (commitment level in 2014). The exact budget consumption will be known at the end of 2015.



2.3.2 Relocation budget

The cost of the relocation from Bramshill, UK to Budapest, Hungary has been estimated at approximately €1M (€ 1,006,515). Of the total, 43% (€ 436,232) has been financed by CEPOL via the savings derived from the lower correction coefficient applied to staff entitlements in Hungary. In accordance with the agreement between the European Commission and the United Kingdom, the remaining amount of € 570,283 has been financed in equal parts by the UK Authorities and the European Commission (€ 285,141.50 each)

The relocation budget covers payments of staff entitlements deriving from the Staff Regulation on change of place of employment, investment in IT assets for the new headquarters (e.g. servers, new mobile contracts, etc.) and the organisation of an inauguration event.

In line with CEPOL's financial regulation the UK contribution has been inscribed as assigned revenue to ensure the coverage of the relocation expenditure foreseen in 2015.

Due to the short timeframe for the relocation of CEPOL to Budapest and to ensure a smooth transition, some of the expenditures (e.g. removal contract) have been covered by CEPOL's standard budget notwithstanding the inscription of the addition contribution to be received from EC and the UK, that were inscribed in the budget in the last quarter of 2014.

At the end of 2014 a value of € 613,675 has been committed out of which € 360,161 has been paid. A total of € 459,179 has been carried forward to 2015 to cover existing legal obligations in relation to the relocation towards contractors and CEPOL staff. It is expected that all funds

carried forward for relocation related expenses will be fully used in 2015. The total relocation cost will be known by the end of 2015 and it is estimated to be around € 820,000.

2.3.3 Budget Implementation per Titles

Title 1: Expenditure relating to persons working with CEPOL

Title 1 C1: Regular budget 2014

Regular budget 2014 - Staff costs

Budget Implementation Regular budget 2014 (C1)	Amended Budget	Budget Transfers	Actual Budget	Committed	%	Commitments in Workflow	Still to be used	Paid	% (Compared to budget)	% (Compared to commitments)	Potential Carry over
	A	B	C	D	D/C	E	C-D	E	E/C	E/D	D-E
1 TITLE 1 Expenditure relating to persons working with CEPOL											
11 Staff in active employment	4 278 059	- 13 600	4 264 459	4 227 462	99%	0	36 996	4 066 371	95%	96%	161 092
13 Missions and duty travel	69 400	10 000	79 400	79 400	100%	0	0	68 956	87%	87%	10 444
14 Socio-Medical Infrastructure	77 400	1 000	78 400	71 710	91%	0	6 690	71 710	91%	100%	0
16 Social welfare	2 000	1 600	3 600	3 500	97%	0	100	2 230	62%	64%	1 270
17 Entertainment and representation expenses	2 500	1 000	3 500	3 500	100%	0	0	2 305	66%	66%	1 195
1 TITLE 1 Expenditure relating to persons working with CEPOL	4 429 359	0	4 429 359	4 385 573	99%	0	43 786	4 211 573	95%	96%	174 000

Staff costs constitute 99% of the budget in this Title.

At the end of December, 99% of the annual budget for *Title 1* has been committed and 95% paid. The budget for interim staff and missions has been reinforced and used. The initial budget foreseen for recruitment and school fees proved to be slightly overestimated.

Title 1 C8: Amounts carried over from 2013 for payment in 2014

Use of amounts carried over in *Title 1*

Budget Implementation Commitments carried over from 2013 to 2014 (C8)	Carried Over from 2013 to 2014	Paid	% (Compared to amount carried over)	De-committed (Excess carry over)	%	Still to be paid	Maximum amount to be returned to Commission	Budget line owner
	A	B	B/A	C	C/A	D=A-B-C	C+D (=A-B)	
1 TITLE 1 Expenditure relating to persons working with CEPOL								
11 Staff in active employment	38 938	34 349	88%	4 589	12%	0	4 589	
13 Missions and duty travel	4 638	3 908	84%	730	16%	0	730	
1 TITLE 1 Expenditure relating to persons working with CEPOL	43 576	38 256	88%	5 320	12%	0	5 320	

Only a minimal amount of € 43,576 has been carried over from 2013, corresponding to some outstanding mission claims and the cost of interim staff for the first months of 2014. All costs on C8 have been paid and the budget lines have been closed. The total cancelled appropriation to be returned to the Commission is € 5,320.

Title 1 C4: Internally assigned revenue

Stemming from the recovery for missions in *Title 1* € 863 has been inscribed in the budget. The amount has not been consumed due to late inscription of the credits during the year.

Title 1 R0: Assigned revenue

In December, € 61,000 were committed in *Title 1* to cover staff allowances related to the relocation and € 60,664.54 were paid. R0 funds not used in 2014 will be automatically carried forward to 2015.

Title 2: Buildings & equipment and miscellaneous expenditure

Title 2 C1: Regular budget 2014

Building & equipment and miscellaneous expenditure

Budget Implementation	Amended Budget	Budget Transfers	Actual Budget	Committed	%	Commitments in Workflow	Still to be used	Paid	% (Compared to budget)	% (Compared to commitment)	Potential Carry over
Regular budget 2014 (C1)	A	B	C	D	D/C	E	C-D	E	E/C	E/D	D-E
1 TITLE 1 Expenditure relating to persons working with CEPOL											
2 TITLE 2 Buildings & equipment and miscellaneous expenditure											
20 Investments in immovable property & rental of buildings	121 600	- 21 420	100 180	94 698	95%	0	5 482	76 823	77%	81%	17 875
21 Information and communication technology expenditure	458 100	- 4 500	453 600	451 166	99%	0	2 434	100 607	22%	22%	350 559
22 Movable property and associated costs	3 000	9 000	12 000	11 258	94%	0	742	5 981	50%	53%	5 277
23 Current administrative expenditure	80 300	16 920	97 220	83 889	86%	0	13 331	74 957	77%	89%	8 932
24 Postal charges	11 500	0	11 500	4 965	43%	0	6 535	3 667	32%	74%	1 298
2 TITLE 2 Buildings & equipment and miscellaneous expenditure	674 500	0	674 500	645 976	96%	0	28 524	262 036	39%	41%	383 940

By year-end 96 % of the available credits have been committed and 39 % paid. Due to the fact that most of the purchases for the new premises are done at the end of the year, an important amount will be carried over to 2015 in *Title 2*. The provision for postal charges was overestimated.

Title 2 C8: Amounts carried over from 2013 for payment in 2014

Use of amounts carried over in *Title 2*

Budget Implementation	Carried Over from 2013 to 2014	Paid	% (Compared to amount)	De-committed (Excess carry over)	%	Still to be paid	Maximum amount to be returned to Commission
Commitments carried over from 2013 to 2014 (C8)							
2 TITLE 2 Buildings & equipment and miscellaneous expenditure							
20 Investments in immovable property & rental	36 854	35 031	95%	1 823	5%	0	1 823
21 Information and communication technology	77 967	61 552	79%	15 090	19%	0	16 415
22 Movable property and associated costs	1 000	880	88%	120	12%	0	120
23 Current administrative expenditure	24 694	23 268	94%	1 426	6%	0	1 426
24 Postal charges	4 900	474	10%	4 425	90%	0	4 425
2 TITLE 2 Buildings & equipment and miscellaneous expenditure	145 414	121 205	83%	22 884	16%	0	24 209

A number of contracts have been signed by the end of the year 2013; therefore the amount of carry-over was relatively high in 2014. At the end of December, 83% of the credits have been paid.

The funds reserved (approx. € 15k) under Chapter 21 for the installation of Matrix were de-committed as the testing and customization could not be completed in 2014 due to other priorities and the workload deriving from the relocation and post-relocation. Some other minor amounts were de-committed.

Title 3 – Operational expenditure

Title 3 C1: Regular budget 2014

Title 3 Operational expenditure

Budget Implementation	Amended Budget	Budget Transfers	Actual Budget	Committed	%	Commitments in Workflow	Still to be used	Paid	% (Compared to budget)	% (Compared to commitment)	Potential Carry over
Regular budget 2014 (C1)	A	B	C	D	D/C	E	C-D	E	E/C	E/D	D-E
3 TITLE 3 Operational Expenditure											
30 Bodies and organs	295 000	- 14 500	280 500	231 767	83%	0	48 733	171 410	61%	74%	60 356
31 Courses, Flight Schemes, E-Net	2 582 000	- 89 300	2 492 700	2 442 322	98%	0	50 378	1 910 257	77%	78%	532 064
32 Other programme activities	445 000	62 300	507 300	455 798	90%	0	51 502	354 270	70%	78%	101 528
35 Missions	120 000	27 000	147 000	147 000	100%	0	0	129 372	88%	88%	17 628
37 Other operational activities	30 000	14 500	44 500	44 497	100%	0	3	27 336	61%	61%	17 161
3 TITLE 3 Operational Expenditure	3 472 000	0	3 472 000	3 321 383	96%	0	150 617	2 592 645	75%	78%	728 737

Of the available appropriations 96% have been committed and 78% of the committed amount has been consumed by payments (75% of the available appropriations). Some activities are organised during the beginning of the year.

Title 3 C8: Amounts carried over from 2013 for payment in 2014

Use of amounts carried over in *Title 3*

Budget Implementation Commitments carried over from 2013 to 2014 (C8)	Carried Over from 2013 to 2014	Paid	% (Compar ed to amount)	De-committed (Excess carry over)	%	Still to be paid	Maximum amount to be returned to Commission
3 TITLE 3 Operational Expenditure							
30 Bodies and organs	13 537	8 798	65%	4 739	35%	0	4 739
31 Courses, Flight Schemes, E-Net	487 705	430 420	88%	57 285	12%	0	57 285
32 Other programme activities	136 713	125 876	92%	10 836	8%	0	10 836
35 Missions	12 531	11 065	88%	1 466	12%	0	1 466
37 Other operational activities	51 930	25 956	50%	25 974	50%	0	25 974
3 TITLE 3 Operational Expenditure	702 416	602 115	86%	100 301	14%	0	100 301

By end of November, 86% of the funds carried-over have been paid and an amount of € 100,301 has been de-committed. More than half of the de-committed amount (57%) corresponds to courses and a quarter (25%) to communication activities.

Title 3 C4: Internally assigned revenue

€ 15,900 has been inscribed in the budget stemming from the recovery of overestimated pre-financing payments in Chapter 31 for 2013 courses as well as in Chapter 32. In *Title 3* € 13,270 C4 funds have been consumed. Given the late inscription of the remaining funds, the difference could not be used in 2014.

2.3.4 Other financial and budgetary topics

Budget transfers

Within the *Title 9* budget transfers have been carried out until the end of the year (the same number as in 2013, compared to the 37 in 2012). As the relocation required some degree of flexibility, the low number of transfers can be considered as an achievement.

Apart from the budget transfers, another 27 operations have been carried out in order to distribute funds between the main budget line and the corresponding relocation sub-lines. These operations are not considered as transfers.

Payment statistics

By the end of December, CEPOL processed in total 1,088 payments (1,162 payments in 2013); out of this number, 1,026 payments can be used to provide statistics on processing time.

After relocation, due to consequent problems with sTesta connection, during a transitory period, financial transactions were processed from the EIT premises, which lead to some technical difficulties and delays.

At the end of December, 86% of all payments were paid in time, thereby exceeding the objective of 85% of all payments paid within the legally set timeframe (*Annex II – payment time limits*).

Recovery orders

At the year end, there were 14 recovery orders not cashed or cleared in the accounting system for a value of € 13,785.23. Five recovery orders were overdue by the end of December; the remaining ones are due in January 2015.

4 recovery orders relate to inter-agency balances with other European agencies or institutions. The remaining 10 recovery orders relate to training courses.

Procurement

In 2014, 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.

However, in 2014 the CEPOL procurement function has faced a substantial increase in workload in the light of the relocation of the Agency to its new seat. In this context additional procurement procedures had to be carried out to enable the Agency to relocate and operate at its new premises (e.g. relocation services, internet connection) as well as to re-establish contracts which had to be re-tendered due to the relocation (e.g. travel arrangement services, interim staff, mobile communications).

The main objective and challenge of the procurement function was to prepare, launch and complete all the necessary procurements in an extremely short period of time (between May and September 2014), so as to ensure a smooth relocation of the Agency while keeping any interruption to the core business to an absolute minimum.

It can be hereby reported that the procurement function has largely achieved the above mentioned objective.

Overall 116 contracts were signed in 2014 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	1	0.86%
Negotiated procurement procedure – contracts with value between €15,000 and €60,000 (Art 137 (1) of RAP)	3	2.59%
Negotiated procurement procedure for contracts between €1,000.00 and €15,000 (Article 137 (2) of the RAP)	11	9.48%
Negotiated procurement procedure without publication of a contract notice (Article 134 (1) (b) of RAP)	2	1.72%
Specific contracts in execution of framework contracts	99	85.35%
TOTAL	116	100%

2.4 Human Resources (HR) Management

Strategic Objective 4.4	Managing human resources as CEPOL's greatest asset
Performance in 2014	<p>Implementation of the Establishment Plan Target 2014: 95% Performance 2014: 92% Performance 2013: 92%</p> <p>Number of staff evaluated (annual appraisal) Target 2014: 100% Performance 2014: 100% Performance 2013: 100%</p> <p>Staff satisfaction (annual survey) Target 2014: 80% Performance 2014: survey rescheduled to 2015 due to relocation</p>

Overall situation

By the end of 2014, the agency had 26 (of 27) temporary agents and 8 (of 10) contract agents in post. Member States also seconded a total of 5.5 national experts (*SNE*) during the course of the year.

CEPOL conducted 10 recruitment campaigns in 2014, attracting 737 applications. Of these campaigns 5 were completed by the end of the year: HR Officer, Communications Officer, Financial Initiator, E-Learning assistant and Procurement Assistant.

In 2014, CEPOL has outsourced part of its accountancy to the Accounting Services of European Commission. This enabled CEPOL to terminate the AST3 position currently used by the Accounting Assistant and thereby bring its establishment plan in line with the ceiling set by the Budgetary Authorities for 2014.

Only 3 staff members did not report for duty in Budapest once the Agency relocated to Budapest on 1 October 2014.

It is important to take into consideration the fact that successive expert analyses of CEPOL have identified that the agency operates with a deficit of available human resources. The staffing level did not allow so far establishing certain key posts, e.g. legal advisor. The Five Year Evaluation of CEPOL published in 2011 recommended that the capacity of the agency should be strengthened. Similar findings have been made in the GHK report⁴ commissioned by the European Commission.

The CEPOL management consider that it is of utmost importance that CEPOL continues to strive to meet the increasing demand placed upon the agency in order to support EU policies. The limited availability of posts within CEPOL and already high workload placed upon the incumbent officers does limits greatly the capacity of CEPOL to internally reshuffle posts. CEPOL sought to partly offset this deficit through the use of SNEs in 2015, and is grateful for

⁴ Study on the amendment of the Council Decision 2005/681/JHA setting up CEPOL activity –Final Report, April 2012

the on-going support offered by Member States with making staff available for secondment to the Agency.

The training plan for agency staff was adopted in February 2014; due to the limited budget available, training was primarily provided in-house by experienced staff. Internal information and training courses were provided to all staff on issues related to the business implementation (e.g. on mission expenses and financial processes). Basic finance training focusing on expenditure lifecycle was provided for newcomers when required.

Human Resources allocation

Information on the use of human resources per 2014 Work Programme activities is provided in *Annex V. Human and financial resources by activity*.

As the table in *Annex V* indicates, for some of the activities the original allocation of human resources needed to carry out the planned activities was considerably under or overestimated.

In line with the Internal Audit Service recommendations CEPOL is strengthening and formalising the methodology it uses to estimate the number of person-days required to complete work programme objectives/activities and the final allocation of human resources (full-time equivalents) needed to carry out each of the planned activities. This will result in a more transparent and more balanced allocation of resources. This action could not be completed last year within the originally proposed timeline; it is scheduled to be completed in 2015.

With regards to the use of HR in 2014, 34% of human resources were dedicated to the achievement of strategic goals 1 – 3⁵, directly related to training and learning activities.

55% of human resources were dedicated to the achievement of strategic goal 4⁶, by providing administrative services, as well as activities related to supporting framework partners (national training institutes) to implement courses, such as booking travel for course participants and the operational verification of course claims.

The remaining 11% were dedicated to relocation and removal activities such as seat agreements, business continuity, HR, procurement, new headquarter facilities, ICT plan, financial plan, communications plan, removal and exit plan.

The consumption of SNEs is primarily associated with the European Police Exchange Programme where experienced professionals ensure the successful execution of the programme in accordance with the legitimate expectations of all stakeholders. In addition, SNE support was used to provide expert support for the development of e-Learning products and services. Furthermore, SNE support has proved useful for supporting the agency's external relations area.

Interim staff has been contracted to fill in for staff that did not relocate to Budapest until recruitment completion to avoid business disruption. Interim staff has been also contracted to cope with peak periods and the additional tasks generated by the Agency's relocation. The

⁵ From the Work Programme 2014: *Goal 1* The CEPOL network functions as a European law enforcement education platform on the highest level of international excellence; *Goal 2* CEPOL will be developed into a European law enforcement knowledge base *Goal 3* External relations will be considered and dealt with as the corner stone of partnerships

⁶ *Goal 4* CEPOL will be lead and managed as a top ranking innovative EU agency

areas covered by the interim staff are: travel and mission arrangements, IT, HR, relocation arrangements, communication, procurement, European Police Exchange Programme, secretarial/administrative assistance, archiving (please refer for further details to *Annex V. Information on interim staff employed by CEPOL in 2014*).

Information on the number of leave days authorised to each grade under the flexitime and compensatory leave schemes

Grade	Contract type	Compensatory leave days	Flexitime days
AD13	TA	0	0
AD10	TA	0	0
AD9	TA	0	0
AD7	TA	0	4.5
AD5	TA	0	40.5
AST5	TA	0	11.5
AST4	TA	0	22.5
AST3	TA	0	20.5
FGII	CA	0	20
FGIII	CA	0	0
Total		0	119.5

Schooling Fees

There is no European School in Budapest or at a reasonable distance from Budapest, nor is there any European section in national schools. It appears that this situation is not likely to change in the coming years. This would cause an unjustified disadvantage for children of CEPOL staff when compared to other EU Institutions and bodies, and may hinder the agency's capacity to promote geographical balance among the staff.

Based on these considerations, the CEPOL Governing Board supported by the European Commission decided that CEPOL shall take charge of school fees. These are paid directly to the educational institution concerned. Staff members who are part of this scheme do not receive the education allowance provided for in Article 3 of Annex VII of the Staff Regulations.

Data Protection

On the corporate level, CEPOL witnessed increased awareness of privacy especially in the core business area. A comprehensive review of personal data processing operations was conducted in the area of organising courses and seminars. As a result, several templates used by the course managers were updated, and the Governing Board decision regulating this core activity of the agency was amended.

On the horizontal level, all managers, staff members, SNEs, trainees and interims were given opportunity to take part in a hands-on workshop on the European Data Protection Day. Such day was celebrated for the first time, and was recognised by all participants for its practical style.

On the individual level, all newcomers regardless of their type of contract saw data protection integrated into their induction programmes.

Good collaboration was in place with the European Data Protection Supervisor (EDPS). Processing operations in grant agreement and procurement but also in HR (health related administrative information, leave management) were improved and recognised for compliance with *Regulation (EC) 45/2001*.

2.5 Assessment by Management

2.5.1 Control effectiveness as regards legality and regularity

Ex ante controls

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) 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 (*see point 2.5.2*).

Ex post controls

In order to ensure functional discipline, creation and maintenance of an effective internal control system, CEPOL management adopts on an annual basis an Internal Control Plan based on which the *ex post controls* are conducted within the agency, as well as at the level of the grant beneficiaries.

In accordance with the Internal Control Plan 2014, CEPOL implemented ex post controls to check that transactions are in compliance with the rules and regulations, as well as the respect of the principle of sound financial management.

In total 10 ex-post controls were scheduled, of which the following 9 were completed resulting in 90% achievement rate:

- Follow-up on '*Compliance Review on the Implementation of Internal Control Standards*'
- Follow up of ex-post controls implemented in 2013
- Ex-post control regarding the recruitment of HR Officer
- Ex-post control regarding the recruitment of E-learning Assistant
- Ex post control of the financial transactions with the external service provider of taxi services
- Ex post control of the financial transactions with the external service provider of interim staff
- On the spot control of the course claims made by the School of Guard of Portugal
- On the spot control of the course claims made by the Ministry of Interior of Romania
- Ex-post control regarding the recruitment of Procurement Assistant.

Having in view that a new organizational chart has been adopted on 07 October 2014 (by Decision of the Director 26/2014/DIR), the assignment 10/2014 '*Follow-up on Assessment of the level of implementation of Internal Control Standard (ICS) #9 Management Supervisions*' was

rescheduled for 2015, to allow the new structure to run in practice before an ex post control is made.

The implemented *ex post controls* resulted in providing positive assurance to the 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.

Determining materiality as regards legality and regularity

CEPOL's standard quantitative material threshold is set at €25,000. Deviations from this material threshold must be justified in the Consolidated Annual Activity Report. The details are defined in Annex VI.

2.5.2 Report on register of exceptions 2014

The assessment of non-compliance events and exceptions is an important reporting tool. This procedure regarding the reporting and recording of exceptions has been defined by Director's decision 010/2010/DIR amended in 2014 by the *Policy on Management and Recording of Exceptions (PO INCO 002-1)*.

In 2014, 40 exceptions including non-compliance events have been recorded and approved, in total value of €31,550 as following:

- in case of 6 exceptions there was no financial impact. They refer to deviations from the procedures and deadlines (in many case justified, such as a vacancy notice published for 4 weeks instead of the 6 weeks provided in the recruitment guide due to the urgency of filling the position and considering the upcoming relocation, in order to ensure the business continuity)
- in case of 25 exceptions the financial impact was below €500;
- in case of 9 exceptions the financial impact was above €500, of which the following 2 exceptions were the highest, requiring approval by the Authorising Officer by Delegation:
 - 2 exceptions in value of €15,000, respectively €5,000, both referring to deviation from art. 86(1) of the Financial Regulation - budgetary commitment not made before entering into legal commitment with third parties, justified by the delayed inscription of the amended budget in ABAC.

In terms of root causes for the deviations from rules and procedures reported throughout the year, the above mentioned 2 exceptions with the highest financial impact (representing 95% of the total value of recorded exceptions), were justified by the special circumstances generated by the relocation of the Agency with a focus on ensuring business continuity.

In most cases the exceptions filed during 2014 were necessary due to circumstances and are duly justified as exceptional situations. In lesser cases, such as the '*a posteriori*' commitment, the exceptions were generated by internal administrative mistakes or a weak planning of the budgetary aspects by the budget line owners. The financial impact of the exceptions due to administrative mistakes is not significant.

The requests for exception include, as a standard practice, actions for prevention/improvement. The exception register is continuously monitored in order to establish if the mitigating actions generated a decrease in the number of exceptions raised due to administrative mistakes.

The 2014 report on exceptions and non-compliance events confirms that CEPOL's internal control system is well functioning.

2.6 Budget implementation tasks entrusted to other services and entities

N/A

2.7 Assessment of audit results during the reporting year

Strategic Objective 4.2	Application of devolved leadership and management between Director and CEPOL staff
Performance in 2014	Timely closure of audit recommendations Target 2014: 100% Performance 2014: 64% Performance 2013: 83%

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

Additionally, by Decision 24/2010 of the CEPOL Governing Board (GB), an Internal Audit Panel has been established in order to deal with matters related to audit process, the system of internal control and the financial reporting process, being a GB advisory organ for decisions regarding the financial management of CEPOL. The Internal Audit Panel started operating in 2011 and based on its work programme, has so far undertaken eight audit visits at CEPOL.

Results from audits during the reporting year

2.7.1 Internal Audit Service

In October 2013, the Internal Audit Service audited CEPOL on HR Management; more specifically the auditors focused on staff planning and allocation, HR monitoring and reporting, recruitment and selection, training.

The related final report was received in early 2014. No critical or very important findings were formulated. The auditors' opinion was that the internal control system in place provides reasonable assurance regarding the achievement of the business objectives for CEPOL staff planning and allocation, HR monitoring and reporting, recruitment and selection as well as staff training.

The audit report refers to 4 important recommendations regarding improving HR allocation and reporting process; updating the job descriptions; identifying the sensitive functions; and improving the recruitment and selection procedure. The report also included one desirable recommendation for the Agency to update ICS n° 4 to align it better with its intentions with regard to training in light of its recent decision not to complete annual training maps.

2.7.2 European Court of Auditors (ECA)

In its *Preliminary observations with a view to a report on the annual accounts of the European Police College for the financial year 2014*, the European Court of Auditors expressed the following opinions:

- opinion on the reliability of the accounts: 'In the Court's opinion, the College's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer'.
- opinion on the legality and regularity of the transactions underlying the accounts: 'In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2014 are legal and regular in all material respects'.

The Court formulated some comments with respect to improving the budget planning to further decrease the cancellation rate of the carried over funds.

2.7.3 Internal Audit Panel

In accordance with the Audit Plan 2014, the first audit visit of the Internal Audit Panel to CEPOL took place in April 2014. The Audit Panel provided the Governing Board with a positive opinion on the annual accounts 2013 and on the Authorising Officer's Annual Activity Report.

The second visit took place after relocation in October concerning preparation of the draft budget 2015; transformation of the audit recommendations; and relocation of CEPOL. The outcome was positive indicating some recommendations for improvement in the area of process description for budget planning and providing an overview on the expenditures related to the Agency's relocation.

In May 2015 a new audit visit of the Internal Audit Panel took place. The Audit Panel provided the Governing Board with a positive opinion on the annual accounts 2014.

2.8 Follow-up of recommendations and action plans for audits

Regarding the IAS 4 important recommendations in the HR Management report, to date, 3 of the recommendations have been addressed, regarding: job descriptions; identifying sensitive functions and improving the recruitment and selection procedure. The other recommendation regarding improving HR allocation and reporting process is partially implemented and will be fully addressed in 2015.

All IAS recommendations since 2013 or earlier have been addressed and declared closed by the auditors.

In 2013 the Court made remarks with respect to budget management where 17.6% of the carried over funds from 2012 were cancelled, indicating the need to obtain more accurate information from beneficiaries at year-end on the actual cost incurred; and to human resources where further improvement of the transparency of the recruitment procedures are needed.

CEPOL committed to further increase and maintain compliance with the budgetary principle of annuality provided in the Financial Regulation and continued to address the auditors' remarks with improvement measures. The measures introduced in recent years lead to a significantly reduced amount of carryovers and cancellations.

CEPOL continued to improve the documentation of human resources processes by re-designing and detailing the related work instructions, templates and checklists. These further developments, once implemented, will contribute to a better administration and increased transparency of the recruitment process.

2.9 Follow-up of observations from the Budgetary Authority

This section presents a concise summary of the observations and comments of the Budgetary Authority of 03 April 2014 in respect of implementation of the budget for 2012 and the measures taken by CEPOL.

Apart from the comments reiterating the observations made by ECA in their annual report, the Budgetary Authority issued observations that required CEPOL to take action in the area of management of conflict of interest and communicating the results and impact its work has on European citizens in an accessible way.

Regarding the conflict of interest observation CEPOL completed the review of the arrangements in place and developed a specific conflict of interest policy adopted by Decision of the Governing Board (32/2014/GB).

Following adoption of the policy in November 2014, a request has been launched to the Governing Board Members to fill in the template of the declaration of interest and send it together with their CV to be published on CEPOL's website. Additionally, a similar request has been launched to the staff members and other individuals directly collaborating with CEPOL.

The process of collecting and analysing the declarations of interest of various stakeholders has been completed and no cases of conflict of interest were reported.

The Budgetary Authority requested CEPOL to communicate the results and impact its work has on European citizens in an accessible way, mainly through its website.

The results of CEPOL's work are made public via its website and the Annual Report which is publicly available. To make the information more accessible, a video summarising CEPOL's services and results has been published on the website under the *"Who we are/ The European Police College/About us"* section.

Concerning the observation on measuring and communicating the impact of CEPOL's work on European citizens, CEPOL is addressing this requirement by commissioning an independent external evaluation in the context of the 5 year evaluation cycle, dealing with the global context of assessing the utility, relevance, effectiveness and efficiency of CEPOL and its working practices.

Part II. (b) External Evaluations

N/A

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

Strategic Objective 4.3	In order to ensure functional discipline , creation and maintenance of an effective Internal Control System
Performance in 2013	Implementation of Internal Control Plan Target 2014: 100% Performance 2014: 90%* Performance 2013: 92% <i>*reasons for performance provided in point 3.3</i>

3.1 Risk Management

An annual risk assessment exercise recurs on an annual basis in CEPOL. Critical risks were evaluated and reflected in the Risk Map 2014. Inherent and residual process related risks were mitigated with consensus-based actions identified during an annual management planning workshop involving both management and staff in key functions. The agency's annual risk assessment exercise for 2014 covered its operational, legal and administrative activities.

The following five main risks were considered likely and with a potential significant impact on the agency's activities:

1. The uncertain future of the agency may lead to a decreased internal and external commitment resulting in loss of competence and capacity in the law enforcement training
2. Expected high staff turnover due to the decrease of salaries and hesitation to relocate
3. Impact on business continuity due to transition – relocation from UK to a new seat to be decided by the legislative forums
4. Imbalance between limited resources (human and financial) and growing demand from stakeholders for CEPOL products and services (demand exceeds capacity)
5. Non-compliance with the budgetary principle of annuality caused by underspending in Title 3, high level of carry-overs, cancellations.

All the above risks were successfully managed with mitigation actions and periodical monitoring and update of the Risk Register.

The first 3 risks connected to the uncertain future of the agency as an independent entity and to the potential relocation of the Agency to a new seat were the most significant in terms of jeopardising business continuity.

In May 2014, the final decision was made for CEPOL to relocate its seat from the UK to Hungary. The UK gave notice that the relocation had to be completed by 30 September 2014. This provided CEPOL with four months to complete this very challenging project whilst also ensuring the delivery of the core business and keeping CEPOL staff fully informed on the progress of the relocation. To ensure both the timely implementation of the relocation and the business continuity, a risk assessment- based relocation plan was developed and a steering committee established. The end product of this strategic and operational approach was a smooth removal from the United Kingdom and a swift relocation to Budapest.

The project identified more than 360 key actions to be addressed in the context of the Agency's physical relocation. These were spread across nine areas: seat agreements, continuity of core-

business, HR, procurement, new headquarter facilities, ICT plan, financial plan, communications plan, removal and exit plan. Clear deadlines were set for each of the 360 actions and CEPOL management received weekly updates about their status.

Dependencies between actions were identified and critical areas were continuously monitored in an effort to avoid delays on the project. Key agreements were signed on-time to ensure a smooth transition of staff and operations from the UK to Hungary; these include the new Headquarters Agreement, as well as a number of service level agreements (SLA) for mail and courier service, medical service for staff, etc. A number of procurement procedures have been launched and concluded in a very short span in order to ensure operational continuity.

The relocation and removal activities were successfully completed as scheduled. The relocation did not adversely impact the delivery of CEPOL's training products, and no disruption could be noticed with regard to the operation of the agency.

Risks related to the imbalance between limited resources and growing demand (*point 4 above*) was mitigated by conducting a comprehensive training needs assessment in close cooperation with the stakeholders, resulting in the prioritisation of the agency's core business activities.

In order to mitigate the risk under point 5 (non-compliance with the budgetary principle of annuality), CEPOL has maintained supervision on the budgetary principles of annuality, via regular budget implementation monitoring and reporting. Regular in-house trainings have been organised on general finance related matters and specific topics, e.g. de-commitments, carry forward, etc.

3.2 Compliance and effectiveness of internal control standards

In order to streamline internal control and in accordance with the Internal Audit Service recommendation, CEPOL adopted a new set of 16 Internal Control Standards (ICS) (by Governing Board Decision 08/GB/2011) aimed at ensuring the achievement of strategic and operational objectives.

In 2011, CEPOL initiated an internal compliance review (based on desk analysis of existing documentation, interviews and auditing bodies' recommendations) with the aim of providing a detailed assessment of how far the internal control standards were implemented. The identified areas of improvement are subject to an action plan "*CEPOL Action Plan for an increased level of compliance with the internal control standards*" based on which CEPOL further matures the implementation of the 16 internal control standards. There is regular follow-up of the action plan where progress is constantly monitored to assist the timely and proper implementation of the specific actions.

In 2014, CEPOL has initiated an amendment to the '*GB Decision 8/2011/GB adopting the European Police College's internal control standards*'⁷ to align the internal control standard requirements according to the evolution of the Agency's activities over the years.

Thus, the Internal Control Standard #4, '*Staff evaluation and development*' was modified, as recommended by the Internal Audit Service to remove the obligation of completing annual

⁷ approved by GB Decision 10/2014/GB

training maps for each staff member. ICS #13 '*Accounting and financial reporting*' was amended in accordance with the new arrangements in place of the '*Service Level Agreement on provision of Accounting Officers' Services by DG Budget*' on 01/04/2014, by which the Accounting Officer's function in CEPOL was outsourced to the Accounting Officer of the Commission.

During 2014, CEPOL further improved the internal control system by the progressive development and centralisation of the administrative, operational and financial procedures in accordance with the adopted quality document management system.

Progress has been achieved with revision and improvements of the processes and procedures in the following areas: Guide to Recruitment and related templates, Policy on Records and Document Management, Management of Audit Recommendations, Recording and Management of Exceptions, Management of Courses (by amending GB Decision 30/2006/GB and related templates).

Due to the Agency's relocation, CEPOL's Business Continuity and Disaster Recovery Plan developed in accordance with the ICS #10 *Business continuity* became obsolete; hence, considerable redrafting is needed. The task is to be completed by end of May 2015.

In line with ICS #11 *Document management*, a policy on document and records management has been adopted by the Director in early 2014. Due to the Agency relocation, some of the provisions became obsolete therefore an update is necessary. At the same time, CEPOL has initiated a project aiming to introduce an electronic document management system (ECM-Enterprise Content Management system); the project will start in 2015.

To date, the ICS #9 *Management supervision* requirements are fully achieved in terms of documentation and practices established. The effectiveness of the adopted measures can be demonstrated by the fact that 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 two years.

Increased compliance with the relevant internal control standards has been achieved in 2014 with the analysis, review and formalisation of the following documents:

- *Policy on Management of Conflict of Interest*' adopted by GB Decision 32/2014/GB
- CEPOL's *Antifraud Strategy* based on the guidelines issued by OLAF, adopted by GB Decision 33/2014/GB
- *Policy on Identification and Management of Sensitive Functions* adopted by GB Decision 34/2014/GB.

CEPOL has a constant progress towards full compliance with the 16 Internal Control Standards. In the case of the following six Standards, CEPOL has achieved full compliance by implementing specific processes, policies, procedures and/or work instructions that are by now embedded in the working practices of the agency: mission (ICS #1), ethical and organisational values (ICS #2), objective and performance indicators (ICS #5), management supervision (ICS #9), assessment of internal control systems (ICS #15), internal audit capability (ICS #16)⁸.

⁸ CEPOL relies on the internal audit capability provided by the Internal Audit Service

Further actions have been scheduled in 2015 with regards to the implementation of the baseline requirements which impact on the full implementation of the following ten Internal Control Standards: staff allocation and mobility (ICS #3); staff evaluation and development (ICS #4); risk management (ICS #6); operational structure (ICS #7); processes and procedures (ICS #8); business continuity (ICS #10); document management (ICS #11); information and communication (ICS #12); accounting and financial reporting (ICS #13); evaluation of activities (ICS #14).

In case of two Standards ICS #7 '*Operational structure*' requesting that the standard IT governance policy shall be in place and Standard ICS #11 '*Document management*' providing for a document management system, further developments towards reaching full compliance are pending on the future legal mandate of the Agency, which is expected to be issued in mid-2015.

The updated overall situation following the assessment of the level of compliance of the CEPOL management and control systems 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	
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 Capability ⁹	X		

CEPOL's Action Plan for an increased level of compliance with the internal control standards has been updated with the progresses made in 2014 and further actions to be taken in 2015 for developing, maintaining and strengthening the internal control in line with the principle of continuous improvement.

Conclusion

In the last few years CEPOL has further consolidated the implementation of internal control standards introducing additional elements of compliance to its systems and internal processes.

In 2014 the agency succeeded in complementing and further strengthening 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.

⁹ CEPOL relies on the internal audit capability provided by the Internal Audit Service

As foreseen in the Commission's Anti-Fraud Strategy and in the action plan of the Inter Institutional Working Group's road map, CEPOL drafted its Anti-Fraud Strategy which was adopted in November by Decision 33/2014/GB of the Governing Board.

Progress has been also achieved in implementing the recently adopted '*Policy on Management of Conflict of Interest*' adopted by GB Decision 32/2014/GB and no cases of conflict of interest were reported.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

Part IV. Management Assurance

4.1 Review of the elements supporting assurance

The information reported in Parts 2 and 3 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 delegated to the Director.

In conclusion:

- there were no reservations listed in the previous years' annual activity reports
- all IAS recommendations issued before 2014 were considered adequately implemented and have been closed
- ECA issued a positive declaration of assurance for the financial year 2014 on the legality and regularity of the transactions
- observations from the European Parliament are being addressed.

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.

Part V. Declaration of Assurance

I, the undersigned, Director of the European Police College (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

Dr Ferenc Bánfi
CEPOL Director

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 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 is accurate and exhaustive.

Done at Budapest, on

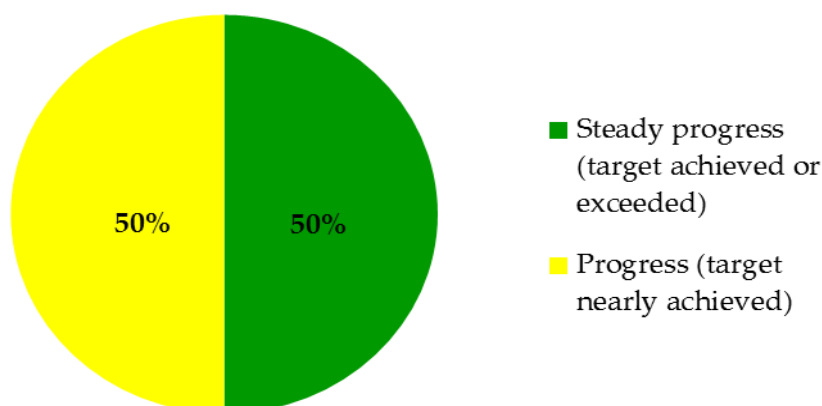
Luminita Moldovan, Internal Control Officer

Leelo Kilg-Thornley, Quality Management Officer

ANNEXES

Annex I. Core business and administrative statistics

Achievement of Key Performance Indicators 2014



In 2014, **50%** of the **Key Performance Indicators** (KPIs) demonstrated **steady progress** (in 2 areas out of 4):

1. Overall customer satisfaction (with activities)
2. Implementation of planned activities (Annual Work Programme)

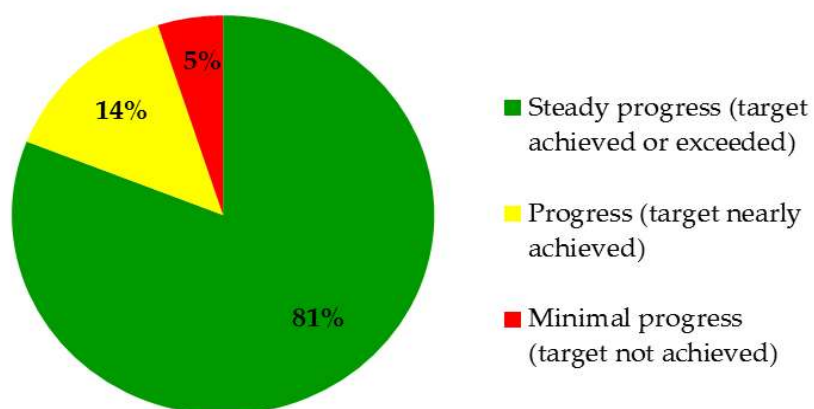
50% of the **Key Performance Indicators** demonstrated **progress** (in 2 areas out of 4):

3. Implementation of the Establishment Plan (*high staff turnover due to uncertainties*)
4. Consumption of Annual Budget (Title 1, 2, 3) (*provisional; subject to change*)

The following **Key Performance Indicator** was not measured:

- External stakeholder satisfaction (*postponed to 2016*)

Achievement of Performance Indicators 2014



In 2014, **81%** of the Performance Indicators (PIs) demonstrated **steady progress** (in 17 areas out of 21):

1. Activities (training sessions) implemented
2. Activities implemented after awarding the Grant Agreement (by the Framework Partners)
3. Number of senior leader participants at events
4. Overall participant satisfaction (with the Exchange Programme)
5. Number of CC adopted by the GB
6. Number of registrations and the number of researchers in the European Lecturers', Trainers' and Researchers' Database
7. Publication of R&S Bulletin
8. Implementation of the JHA Scorecard
9. Number of participants from associated countries at CEPOL activities
10. Number of participants from candidate, accession and neighbourhood countries in CEPOL activities
11. Number of strategic partnership initiatives launched
12. Draft GB Decisions resulting in adopted GB Decisions
13. Implementation of plans (e.g. procurement, management, risk register, 5-year evaluation recommendations)
14. Number of staff evaluated (annual appraisal)
15. Timely payment of invoices
16. Number of complaints/compliments received
17. Implementation of stakeholder related activities (e.g. in the Management Plan)

14% of the **Performance Indicators** demonstrated **progress** (in 3 areas out of 21):

18. The Grant Agreement budget planned vs implemented (by the Framework Partners)
19. Number of items (in total) published in the e-Library
20. Implementation of Internal Control Plan

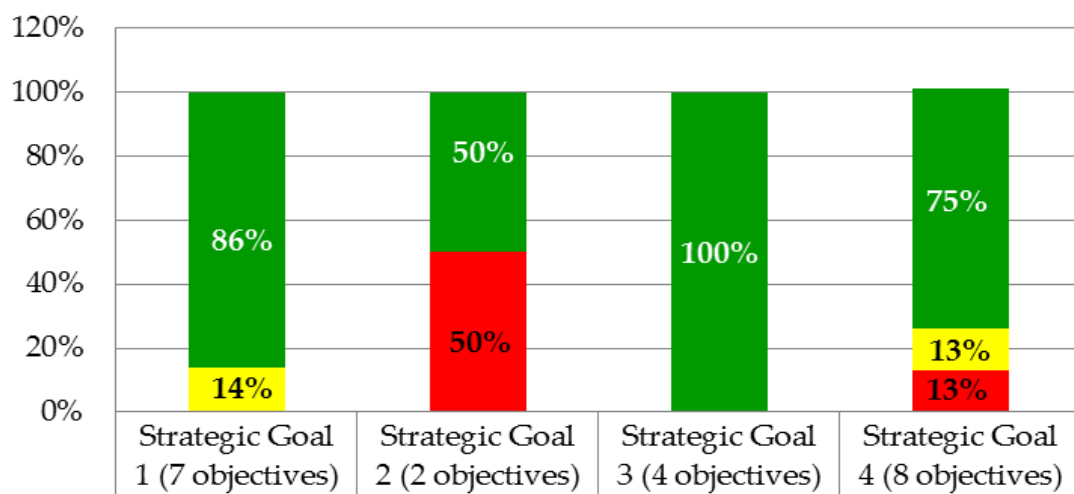
5% of the **Performance Indicators** demonstrated **minimal progress** (in 1 area out of 21):

21. Timely closure of audit recommendations (*target 100%, performance 64%*)

The following **Performance Indicators** were not measured:

- Number of e-Modules adopted and revised (*no resources foreseen in 2014*)
- Number of participants at research conferences (*conference cancelled*)
- Staff satisfaction (annual survey) (*postponed to 2015*)

Achievement of Strategic Objectives 2014



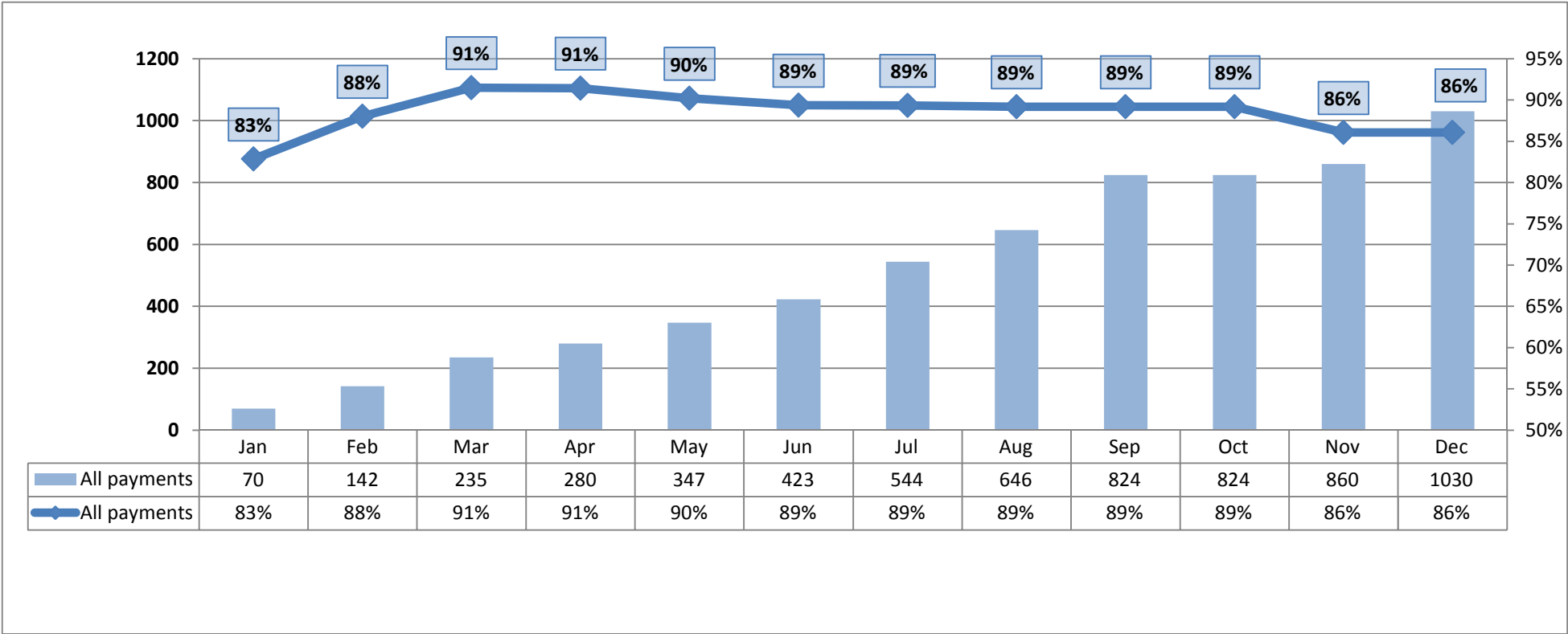
■ Steady progress	86%	50%	100%	75%
■ Progress	14%	0%	0%	13%
■ Minimal progress	0%	50%	0%	13%

Annex II. Statistics on financial management

Budget 2014 execution status as of 31 December 2014

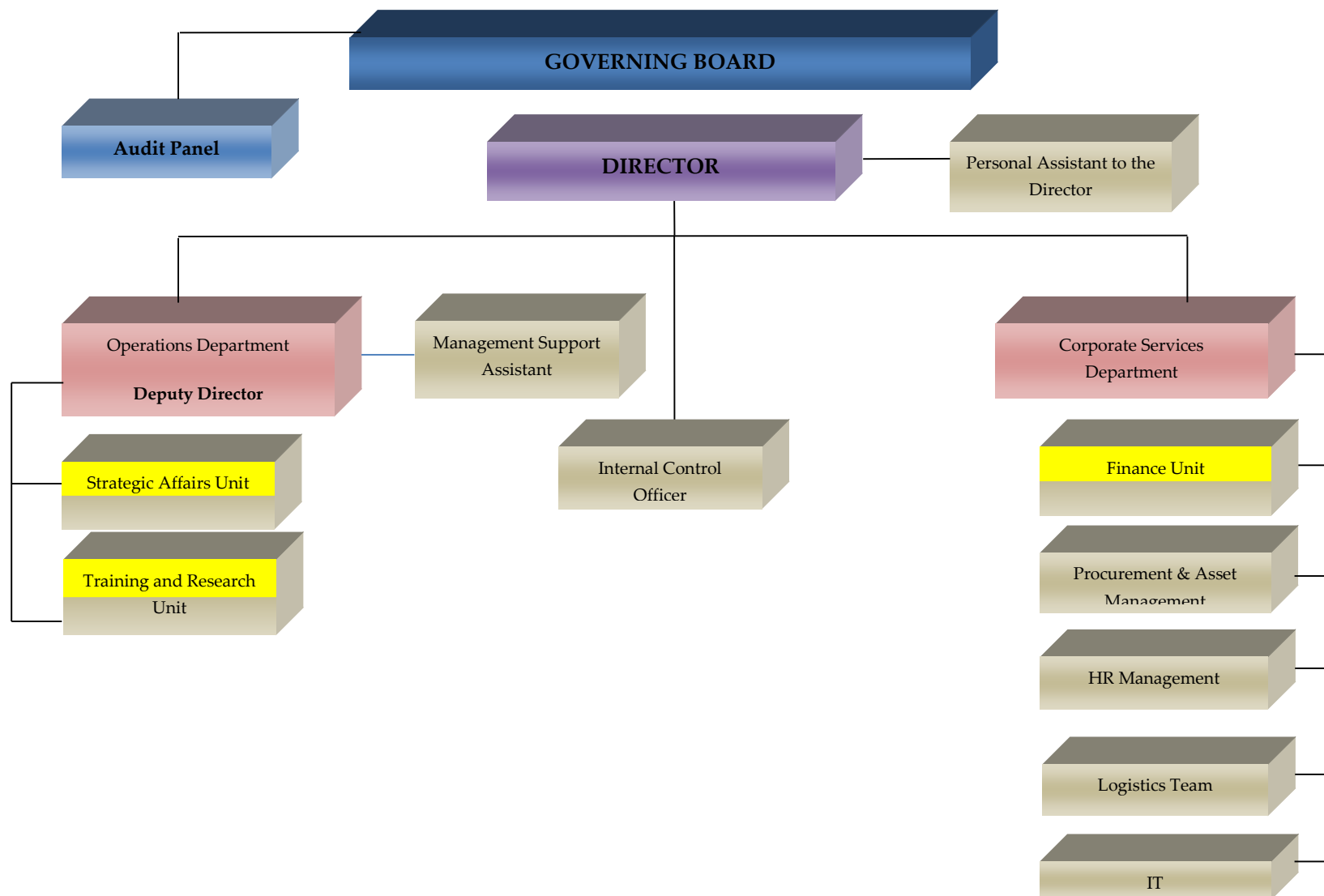
Budget Implementation Regular budget 2014 (C1)		Amended Budget	Budget Transfers	Actual Budget	Committed	%	Commitments in Workflow	Still to be used	Paid	% (Compared to budget)	% (Compared to commitment)
		A	B	C	D	D/C	E	C-D	E	E/C	E/D
1 TITLE 1 Expenditure relating to persons working with CEPOL											
11	Staff in active employment	4 278 059	- 13 600	4 264 459	4 227 462	99%	0	36 996	4 066 371	95%	96%
13	Missions and duty travel	69 400	10 000	79 400	79 400	100%	0	0	68 956	87%	87%
14	Socio-Medical Infrastructure	77 400	1 000	78 400	71 710	91%	0	6 690	71 710	91%	100%
16	Social welfare	2 000	1 600	3 600	3 500	97%	0	100	2 230	62%	64%
17	Entertainment and representation expenses	2 500	1 000	3 500	3 500	100%	0	0	2 305	66%	66%
1	TITLE 1 Expenditure relating to persons working with CEPOL	4 429 359	0	4 429 359	4 385 573	99%	0	43 786	4 211 573	95%	96%
2 TITLE 2 Buildings & equipment and miscellaneous expenditure											
20	Investments in immovable property & rental of buildings	121 600	- 21 420	100 180	94 698	95%	0	5 482	76 823	77%	81%
21	Information and communication technology expenditure	458 100	- 4 500	453 600	451 166	99%	0	2 434	100 607	22%	22%
22	Movable property and associated costs	3 000	9 000	12 000	11 258	94%	0	742	5 981	50%	53%
23	Current administrative expenditure	80 300	16 920	97 220	83 889	86%	0	13 331	74 957	77%	89%
24	Postal charges	11 500	0	11 500	4 965	43%	0	6 535	3 667	32%	74%
2	TITLE 2 Buildings & equipment and miscellaneous expenditure	674 500	0	674 500	645 976	96%	0	28 524	262 036	39%	41%
3 TITLE 3 Operational Expenditure											
30	Bodies and organs	295 000	- 14 500	280 500	231 767	83%	0	48 733	171 410	61%	74%
31	Courses, Flight Schemes, E-Net	2 582 000	- 89 300	2 492 700	2 442 322	98%	0	50 378	1 910 257	77%	78%
32	Other programme activities	445 000	62 300	507 300	455 798	90%	0	51 502	354 270	70%	78%
35	Missions	120 000	27 000	147 000	147 000	100%	0	0	129 372	88%	88%
37	Other operational activities	30 000	14 500	44 500	44 497	100%	0	3	27 336	61%	61%
3	TITLE 3 Operational Expenditure	3 472 000	0	3 472 000	3 321 383	96%	0	150 617	2 592 645	75%	78%
GRAND TOTAL		8 575 859	0.0	8 575 859	8 352 932	97.40%	0	222 927	7 066 254	82.40%	85%

PAYMENT TIME LIMITS



Annex III. Organisational chart

Decision of the Director 26/2014/DIR CEPOL organogram effective from 08 October 2014



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

Establishment Plan

Function group and grade	2014		2015	
	Request of the Agency		Request of the Agency	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16				
AD 15				
AD 14				
AD 13		1		1
AD 12				
AD 11				
AD 10		2		2
AD 9		3		3
AD 8				
AD 7		1		1
AD 6				
AD 5		9		9
AD total	0	16	0	16
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5		2		2
AST 4		2		2
AST 3		7		7
AST 2				
AST 1				
AST total	0	11	0	11
TOTAL	0	27	0	27
GRAND TOTAL	27		27	

EXTERNAL PERSONNEL

Contract Agents	2014	2015 estimate
Function Group IV		
Function Group III	2	2
Function Group II	7	7
Function Group I	1	1
Total	10	10
Seconded National Experts	2014	2015 estimate
Total	5.5	10

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

Key functions	Type of contract (TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administrative support or operations
Core functions (18 posts)			
Deputy Director and Head of Operations Department	TA	AD-10	Policy (operational)
Management Support Assistant	TA	AST-4	Policy (operational)
Head of Unit	TA	AD-9	Policy (operational)
Programme Officer (Common Curricula / training manuals)	TA	AD-5	Policy (operational)
Programme Support Officer	TA	AST-3	Policy (operational)
E-Learning Officer	TA	AD-5	Policy (operational)
Two Programme Officers (Courses and Seminars)	TA	AD-5	Policy (operational)
Finance and Budget Support Officer	TA	AST-3	Policy (operational)
Research and Knowledge Management Officer	TA	AD-5	Policy (operational)
Head of Unit	TA	AD-9	Policy (operational)
Planning Officer	TA	AD-5	Policy (operational)
Communication officer	TA	AST-4	Policy (operational)
Governance Assistant	TA	AST-3	Policy (operational)
Quality Management Officer and Data Protection Officer	TA	AD-5	Operational 50%; Support 50%
E-Learning Assistant	CA	FG-III	Policy (operational)
Web & Communications Assistant	CA	FG-II	Policy (operational)
Governance Assistant	CA	FG-II	Policy (operational)
Support functions (13 posts)			
Head of Corporate Services	TA	AD-10	Support
Head of Finance	TA	AD-9	Support
Budget and Finance Officer	TA	AD-7	Support
Financial Contact Person	TA	AD-5	Support
Budget and Finance Support Assistant	TA	AST-3	Support
Human Resources Officer	TA	AST-5	Support
IT Officer	TA	AST-5	Support
ICT Assistant	TA	AST-3	Support
Procurement Officer	TA	AST-3	Support
Finance Assistant	CA	FG-II	Support
HR Assistant	CA	FG-II	Support
Procurement Assistant	CA	FG-III	Support
Travel and Missions Support Officer	CA	FG-II	Operational 80%; Support 20%
	CA	FG-I	Operational 80%; Support 20%
Special functions (2 posts)			
Internal Control officer	TA	AD-5	Operational 50%; Support 50%
Assistant to the Director	TA	AST-3	Support

Benchmarking against previous year results

Job type	Year N-1 (%)	Year N (%)
Core functions (operational)	55%	55%
Support functions	39%	39%
Special functions	6%	6%

Annex V. Human and financial resources by activity

Activities	Human Resources, % (estimated in WP 2014)	Human Resources, % (used)	Financial resources forecasted 2014*				Financial resources consumed 2014*			
			Title 1	Title 2	Title 3	Total	Title 1	Title 2	Title 3	Total
Governance	4.00%	9.02%								
Working Groups	4.00%	2.54%								
Network Meetings	4.00%	2.86%								
Training Activities	19.00%	13.19%								
Travel for participants	8.00%	5.09%								
e-Learning	9.00%	4.98%								
Common Curricula	5.00%	1.67%								
Research and Science	5.00%	2.14%								
Electronic Network	3.00%	1.40%								
European Police Exchange Programme	12.00%	7.21%								
External Relations	9.00%	3.54%								
Missions	3.00%	6.29%								
Communications	5.00%	3.03%								
Internal Control	6.00%	4.39%								
Admin support	4.00%	21.53%								
Relocation	0.00%	11.13%								
TOTALS	100%	100%	4,429,359	674,500	3,472,000	8,575,859	4,211,573	262,036	2,592,645	7,066,254

*the financial resources forecasted and consumption figures are not available per objectives/activities only per budget lines as indicated in annex II budget execution

Information on interim staff employed by CEPOL in 2014

#	Position	Start date	End date	Duration in 2014, calendar days
1	Travel and Mission Assistant	06/01/2014	19/09/2014	257
2	Communications and Publicity Officer	15/04/2014	25/10/2014	194
3	HR Assistant	01/08/2013	28/03/2014	87
4	HR Assistant	31/03/2014	19/05/2014	50
5	Relocation Project Manager	05/03/2014	30/11/2014	271
6	ICT Assistant	20/12/2013	31/03/2014	90
7	ICT Assistant	01/04/2014	11/07/2014	102
8	Procurement Assistant	20/12/2013	31/03/2014	90
9	Procurement Assistant	01/04/2014	28/05/2014	58
10	Administrative Assistant	09/12/2013	12/03/2014	71
11	Administrative Assistant	31/03/2014	23/12/2014	268
12	Archivist / Filing Clerk	13/05/2014	06/08/2014	86
13	Secretary / Administrative Assistant	02/06/2014	30/09/2014	121
14	HR Officer	25/08/2014	23/12/2014	121
15	ICT Assistant	24/08/2014	23/12/2014	122
16	ICT Assistant	24/08/2014	31/10/2014	69
17	Travel and Mission Assistant	25/08/2014	23/12/2014	121
18	Travel and Mission Assistant	25/08/2014	22/11/2014	90
19	Assistant for EPEP	31/08/2014	23/12/2014	115
20	Secretary to the Director	01/10/2014	23/12/2014	84
21	Travel and Mission Assistant	24/11/2014	03/12/2014	10
	TOTAL			2477

Annex VI. Materiality Criteria

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

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 Annual Activity Report.

The definition of the following criteria is based on the EC Guidelines for defining materiality and the references made in the standing instructions for the Annual Activity Report of the Commission.

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%.

Considerations

Related to CEPOL's overall budget for 2014, 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. 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.002-1)*.

Conclusion

In quantitative terms, a deficiency is considered material if the financial impact or risk of loss is equal to or more than €25,000.

Deviations from this materiality threshold must be fully justified in the 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.

Annex VII. Draft Annual Accounts

CEPOL BALANCE SHEET 2014 – Assets and Liabilities

EUR '000

	■ CEPOL 2014 Annual Accounts Note	■ 31.12.2014	■ 31.12.2013
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	37	64
<i>Property, plant and equipment</i>	2.2	147	138
		185	202
CURRENT ASSETS			
<i>Pre-financing</i>	2.3	290	208
<i>Exchange receivables and non-exchange recoverables</i>	2.4	2 077	142
<i>Cash and cash equivalents</i>	2.5	–	2 081
		2 368	2 430
TOTAL ASSETS		2 552	2 632
CURRENT LIABILITIES			
<i>Provisions</i>	2.6	–	(535)
<i>Payables</i>	2.7	(786)	(842)
<i>Accrued charges and deferred income</i>	2.8	(527)	(711)
		(1 313)	(2 088)
TOTAL LIABILITIES		(1 313)	(2 088)
NET ASSETS			
<i>Accumulated surplus</i>		544	1 309
<i>Economic result of the year</i>		695	(765)
NET ASSETS		1 239	544

STATEMENT OF FINANCIAL PERFORMANCE

EUR '000

	CEPOL 2014 Annual Accounts Note	2014	2013
■ REVENUE			
■ Revenue from non-exchange transactions			
<i>Other</i>	3.2	8 346	7 666
Total		8 346	7 666
■ Revenue from exchange transactions			
<i>Other exchange revenue</i>	3.3	440	361
Total		440	361
		8 786	8 027
■ EXPENSES			
<i>Operating costs</i>	3.4	(3 197)	(3 386)
<i>Staff costs</i>	3.5	(3 589)	(3 887)
<i>Finance costs</i>		(3)	(12)
<i>Other expenses</i>	3.6	(1 301)	(1 508)
		(8 090)	(8 792)
■ ECONOMIC RESULT OF THE YEAR		695	(765)