

REPORT**on the annual accounts of the European Police College for the financial year 2008, together with the College's replies**

(2009/C 304/23)

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INTRODUCTION

1. The European Police College (hereinafter 'the College'), located in Bramshill, was established by Council Decision 2000/820/JHA, as repealed in 2005 and replaced by Council Decision 2005/681/JHA ⁽¹⁾. The College's task is to function as a network and bring together the national police training institutes in the Member States to provide training sessions, based on common standards, for senior police officers ⁽²⁾.

2. The College's 2008 budget amounted to 8,7 million euro compared with 6,5 million euro the previous year. The number of staff employed by the College at the end of the year was 27 as compared to 21 in the previous year.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 248 of the Treaty the Court has audited the annual accounts ⁽³⁾ of the College, which comprise the 'financial statements' ⁽⁴⁾ and the 'reports on implementation of the budget' ⁽⁵⁾ for the financial year ended 31 December 2008 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽⁶⁾.

The Director's responsibility

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the College under his own responsibility and within the limits of the authorised appropriations ⁽⁷⁾. The Director is responsible for putting in place ⁽⁸⁾ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts ⁽⁹⁾ that are free from material misstatement,

⁽¹⁾ OJ L 256, 1.10.2005, p. 63.

⁽²⁾ The *Table* summarises the College's competences and activities. It is presented for information purposes.

⁽³⁾ These accounts are accompanied by a report on the budgetary and financial management during the year which gives inter alia an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.

⁽⁴⁾ The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.

⁽⁵⁾ The budget implementation reports comprise the budget outturn account and its annex.

⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 (OJ L 357, 31.12.2002, p. 72).

⁽⁸⁾ Article 38 of Regulation (EC, Euratom) No 2343/2002.

⁽⁹⁾ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in chapter 1 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Commission Regulation (EC, Euratom) No 652/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the College.

whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

The Court's responsibility

6. The Court's responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the College's Annual Accounts and the legality and regularity of the transactions underlying them.

7. The Court conducted its audit in accordance with the IFAC and ISSAI ⁽¹⁰⁾ International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and the regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity's preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of accounting policies used and, the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

Opinion on the reliability of the accounts

10. In the Court's opinion, the College's Annual Accounts ⁽¹¹⁾ present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

⁽¹⁰⁾ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

⁽¹¹⁾ The Final Annual Accounts were drawn up on 1 July 2009 and received by the Court on 15 October 2009. The Final Annual Accounts, consolidated with those of the Commission are published in the *Official Journal of the European Union* by 15 November of the following year. These can be found on the following website <http://eca.europa.eu> or <https://www.cepol.europa.eu/index.php?id=final-accounts>

Emphasis of matter

11. Without calling into question the opinion expressed in paragraph 10, the Court notes that difficulties experienced in 2008 in migrating the old accounting system to ABAC and the late implementation of a proper accounting system still put at risk the quality of the financial information concerning the carry-overs from the previous year, the use of assigned revenue and the link with certain figures in the balance sheet for 2007.

Qualified opinion on the legality and the regularity of the transactions underlying the accounts

12. In the Court's opinion, except for the matters presented in paragraphs 13 to 15, the transactions underlying the College's Annual Accounts for the financial year ended 31 December 2008 are, in all material respects, legal and regular.

Basis for qualified opinion on the legality and the regularity of the transactions underlying the accounts

13. The College directly contracted ⁽¹²⁾ consulting services with a provider on the basis of a framework contract of the Commission exclusively intended for training services. This procurement procedure is irregular. Moreover, the contractual provisions allow the College to renew or extend the contract without limitation.

14. Expenditure for the organisation of courses and seminars represent a significant part ⁽¹³⁾ of the College's budget. The audit of such expenditure revealed a high number of breaches of the applicable administrative and financial rules such as the absence of justifications of the costs incurred, the absence of confirmation of attendance, original invoices and documents necessary for the reimbursement of accommodation, travel costs for experts not queried etc.

15. For a sample of 15 commitments, the audit showed the absence of:

— legal commitment in three cases ⁽¹⁴⁾,

— budgetary commitment before the legal commitment in nine cases ⁽¹⁵⁾.

COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT

16. More than 2,7 million euro of the 2008 payment appropriations had to be carried forward. This situation is against the principle of annuality and indicates weaknesses in the programming and the monitoring of the implementation of the budget.

17. During 2008 a commitment of 175 000 euro was made in relation to a recovery order made by the European Commission in respect of an advance payment made before 2006 to the College's predecessor. The commitment was carried forward to 2009.

18. The audit of a sample of commitments (see also paragraph 15) showed that, in three cases, there was no audit trail to retrace the financial execution such that it was not possible to match their closing balances in the accounts at 31 December 2008.

19. On 23 May 2008, the College closed its old accounting system and migrated to ABAC. The migration to the new system effectively started on 14 July 2008. In the meantime, a manual system was set up. Not all the adjustments related to the period covered by the manual system were effected on time. Namely, commitments (for a total of 20 000 euro) are understated in ABAC although they are now included in the SAP financial accounting system.

20. Two fixed assets management systems are in place, sometimes duplicating the recording of assets. No labels and no unique inventory numbers are used.

21. In its report concerning the 2007 financial year ⁽¹⁶⁾, the Court had noted cases where appropriations were used to finance private expenditure. The College replied that an ex-post control would be carried out by an external company. Such a control had not been launched mid-2009.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 29 October 2009.

For the Court of Auditors

Vitor Manuel da SILVA CALDEIRA

President

⁽¹²⁾ Value of the contract: 96 000 euro.

⁽¹³⁾ 3,2 million euro in 2008.

⁽¹⁴⁾ Total value 39 500 euro.

⁽¹⁵⁾ Total value 244 200 euro.

⁽¹⁶⁾ Paragraph 15 (OJ C 311, 5.12.2008, p. 136).

Table

European Police College (Bramshill)

Areas of Community Competence deriving from the Treaty	Competences of the College as defined in Council Decision 2005/681/JHA		Governance	Resources made available to CEPOL in 2008 (data for 2007)	Main products and services supplied in 2008
<p>Approximation of laws</p> <p>Treaty on European Union, in particular Article 30(1) and Article 34(2) thereof.</p>	<p>Objectives</p> <p>The aim of the College shall be to help train senior police officers in the Member States by optimising cooperation between the College'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, in particular the cross-border dimensions of those problems.</p>	<p>Tasks</p> <ul style="list-style-type: none"> — To increase knowledge of the national police systems and structures of other Member States and of cross-border police cooperation within the European Union. — To improve knowledge of international and Union instruments, particularly in the following sectors: <ul style="list-style-type: none"> (a) the institutions of the European Union, their functioning and role, as well as the decision-making mechanisms and legal instruments of the European Union, in particular as regards their implications for law-enforcement cooperation; (b) Europol's objectives, structure and functioning, as well as ways to maximise cooperation between Europol and relevant law-enforcement services in the Member States in the fight against organised crime; (c) Eurojust's objectives, structure and functioning. — To provide appropriate training with regard to respect for democratic safeguards, with particular reference to the rights of defence. 	<p>1 — Governing Board</p> <p><i>Composed of:</i></p> <ul style="list-style-type: none"> — one delegation from each Member State. <p>Each delegation shall have one vote. Representatives of the European Commission and of the General Secretariat of the Council of the European Union and Europol shall be invited to attend meetings as non-voting observers.</p> <p>2 — Director</p> <p>Manages the College, is appointed and removed by the Governing Board.</p> <p>3 — External audit</p> <p>Court of Auditors.</p> <p>4 — Internal Auditor</p> <p>Internal Audit Service of the Commission.</p> <p>5 — Discharge authority</p> <p>Parliament acting on recommendation by the Council.</p>	<p>Human Resources</p> <p>At the opening of 2008, the College had 22 members of staff and 2 seconded national experts.</p> <p>Budget</p> <p>The budget available for the College activities was as follows:</p> <p>Total budget 8 700 000 euro</p> <p>With the following allocations between budget titles</p> <p>TITLE 1 Expenditure relating to persons working within the College</p> <p>3 237 500 euro</p> <p>TITLE 2 Buildings, equipment and miscellaneous expenditure</p> <p>493 500 euro</p> <p>TITLE 3 Operational expenditure</p> <p>4 969 000 euro</p>	<p>Courses and seminars</p> <p>The College organised 87 courses and seminars. Activities increased on 2007 with 2 078 participants. The College Secretariat organised nine activities in support of the network.</p> <p>Two major conferences were organised in Paris under the aegis of the College. The College Annual Conference: 'Crime, Police and Justice in the 21st Century'. The meeting of the General Directors of the Police, Customs and Security Services from the MEDA regions and the EU Member States, organised under the Euromed Police II project developed by the College.</p> <p>Cooperation</p> <p>The College continued to formalise cooperation with key institutions. A cooperation agreement with Interpol was signed in December 2008. The College continued work on furthering agreements with Frontex and Eurojust. Agreements will be signed in 2009.</p>

Areas of Community Competence deriving from the Treaty	Competences of the College as defined in Council Decision 2005/681/JHA		Governance	Resources made available to CEPOL in 2008 (data for 2007)	Main products and services supplied in 2008
					<p>European Dimension</p> <p>The College conference 'European Dimension — Enhancing Europe in Police Training' took place in October 2008 in France.</p> <p>Electronic Network (e-Net)</p> <p>The implementation of the College's e-Net was concluded.</p> <p>Common curricula</p> <p>Three 'new' common curricula were developed (civilian crisis management, drug trafficking and management of diversity). The revision of the common curriculum on counter-terrorism was finalised.</p> <p>Evaluation</p> <p>A new system for evaluating the College activities was developed and a post-course evaluation system introduced.</p> <p>Exchange programme</p> <p>The College/Agis exchange programme came to a successful conclusion with the publication of 'Exchanging places: sharing police knowledge and practice in the European Union'.</p>

Areas of Community Competence deriving from the Treaty	Competences of the College as defined in Council Decision 2005/681/JHA		Governance	Resources made available to CEPOL in 2008 (data for 2007)	Main products and services supplied in 2008
					<p>Research and science</p> <p>The College developed the concept for a 'European Police Science and Research Bulletin'. The 2008 CEPOL European Police Research and Science Conference focused on 'Comparative policing research from a European perspective' with a focus on organised crime.</p> <p>Euromed Police II project</p> <p>Nine preparatory meetings, eight seminars and five study visits took place for senior police officers in the MEDA countries. A meeting of the General Directors of the police, customs and security services from the MEDA regions and the EU Member States was organised. A specific section of the College restricted website on e-Net was developed and became operational in November 2008.</p>

Source: Information supplied by the Agency.

THE COLLEGE'S REPLIES

11. The College takes note of the observations of the Court. The College has taken all the necessary measures to minimise the risks linked to the migration to the ABAC system. The commitment system implemented in 2008 is closely monitored and improved to avoid error. The College will take measures to improve the quality of its Financial Statements. The 2007 figures have been taken from the Commission's consolidation reporting package. The differences identified by the Court do not affect the economic outturn of the year.
13. The College takes note of the observation of the Court and will avoid such procedures in the future. It is not its intention to renew or extend the contract mentioned by the Court.
14. The College accepts the Court's comments. Monitoring and control systems already in place and will continue to be improved and implemented in order to avoid such situations in the future.
15. The College notes the observation on the commitment system. The ex-ante controls on transactions have been reinforced in 2009 to avoid such situations in the future.
16. The College notes the Court's comments. Measures have been taken to improve the monitoring of operational expenditure to avoid committing significant funds at the year-end and to avoid excessive carry-over.
17. Despite article 23 of the Council decision establishing the College ⁽¹⁾, the Commission sent a 175 000 euro debit note to the College and announced its intention to deduct this amount from the 2009 subsidy. This commitment and its carry forward was necessary to compensate the amount offset by the Commission.
18. The College recognises that they were inconsistencies concerning the three commitments mentioned by the Court. The total error amounts to 1 169 euro to be compared to a total value of 318 210 euro of the 15 commitments sample.
19. Commitments in ABAC are understated by 20 044,10 euro due to the impossibility of modifying the initial upload made in ABAC in July, which however has been modified in the accounting system SAP.
20. The College takes note of the observation. To correct this situation, the College has in 2009 implemented ABAC assets and has drafted an inventory policy which is under review for approval in view of a proper registering and accounting of the inventory.
21. The final part of the recovery process regarding personal expenditure in 2007 was completed in June 2009, except for the seconded national experts who left the College the previous years. When the recovery is fully completed an ex-post control, will be carried out following a tender process.

⁽¹⁾ Council Decision 2005/681/JHA of 20 September 2005.