



EUROPEAN PARLIAMENT

2009 - 2014

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*Plenary sitting*

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**A7-0330/2011**

6.10.2011

## **SECOND REPORT**

on discharge in respect of the implementation of the budget of the European  
Police College for the financial year 2009  
(C7-0241/2010 – 2010/2181(DEC))

Committee on Budgetary Control

Rapporteur: Georgios Stavrakakis

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## **1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION**

**on discharge in respect of the implementation of the budget of the European Police College for the financial year 2009  
(C7-0241/2010 – 2010/2181(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Police College for the financial year 2009,
- having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2009, together with the College's replies<sup>1</sup>,
- having regard to the Council's recommendation of 15 February 2011 (05892/2011 – C7-0052/2011),
- having regard to its Decision of 10 May 2011<sup>2</sup> postponing the discharge decision for the financial year 2009, and the replies by the Director of the European Police College,
- having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>3</sup>, and in particular Article 185 thereof,
- having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL)<sup>4</sup>, and in particular Article 16 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002<sup>5</sup> of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002, and in particular Article 94 thereof,
- having regard to Commission Decision C(2011)4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,
- having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),
- having regard to the external audit commissioned by the European Police College (Contract Ref. N° CEPOL/2010/001) on the reimbursement of private expenditure,

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<sup>1</sup> OJ C 338, 14.12.2010, p. 137.

<sup>2</sup> OJ L 250, 27.9.2011, p. 260.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1.

<sup>4</sup> OJ L 256, 1.10.2005, p. 63.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

- having regard to the final report on the five-year external evaluation of the European Police College (Contract Ref. N° CEPOL/CT/2010/002),
  - having regard to the Annual Activity Report 2009 of the Directorate-General Justice, Freedom and Security,
  - having regard to the 4th progress report of the European Police College on the implementation of its Multi-annual Action Plan (MAP) for 2010-2014,
  - having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,
  - having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the 3rd progress report on the implementation of the European Police College MAP for 2010-2014,
  - having regard to the report and annexes thereof of the European Police College on the implementation of the European Parliament's resolution on "2009 Discharge: European Police College",
  - having regard to the report and annex thereof of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010 - 1 July 2011,
  - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control (A7-0330/2011),
1. Grants the Director of the European Police College discharge in respect of the implementation of the College's budget for the financial year 2009;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this Decision and the resolution that forms an integral part of it to the Director of the European Police College, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

## **2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION**

**on the closure of the accounts of the European Police College for the financial year 2009 (C7-0241/2010 – 2010/2181(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Police College for the financial year 2009,
- having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2009, together with the College's replies<sup>1</sup>,
- having regard to the Council's recommendation of 15 February 2011 (05892/2011 – C7-0052/2011),
- having regard to its Decision of 10 May 2011<sup>2</sup> postponing the discharge decision for the financial year 2009, and the replies by the Director of the European Police College,
- having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>3</sup>, and in particular Article 185 thereof,
- having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL)<sup>4</sup>, and in particular Article 16 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002<sup>5</sup> of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002, and in particular Article 94 thereof,
- having regard to Commission Decision C(2011)4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,
- having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),
- having regard to the external audit commissioned by the European Police College (Contract Ref. N° CEPOL/2010/001) on the reimbursement of private expenditure,
- having regard to the final report on the five-year external evaluation of the European

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<sup>1</sup> OJ C 338, 14.12.2010, p. 137.

<sup>2</sup> OJ L 250, 27.9.2011, p. 260.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1.

<sup>4</sup> OJ L 256, 1.10.2005, p. 63.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

Police College (Contract Ref. N° CEPOL/CT/2010/002),

- having regard to the Annual Activity Report 2009 of the Directorate-General Justice, Freedom and Security,
  - having regard to the 4th progress report of the European Police College on the implementation of its Multi-annual Action Plan (MAP) for 2010-2014,
  - having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,
  - having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the 3rd progress report on the implementation of the European Police College MAP for 2010-2014,
  - having regard to the report and annexes thereof of the European Police College on the implementation of the European Parliament's resolution on "2009 Discharge: European Police College",
  - having regard to the report and annex thereof of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010 - 1 July 2011,
  - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control of (A7-0330/2011),
1. Approves the closure of the accounts of the European Police College for the financial year 2009;
  2. Instructs its President to forward this Decision to the Director of the European Police College, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the Official Journal of the European Union (L series).

### 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Police College for the financial year 2009 (C7-0241/2010 – 2010/2181(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Police College for the financial year 2009,
- having regard to the Court of Auditors' report on the annual accounts of the European Police College for the financial year 2009, together with the College's replies<sup>1</sup>,
- having regard to the Council's recommendation of 15 February 2011 (05892/2011 – C7-0052/2011),
- having regard to its Decision of 10 May 2011<sup>2</sup> postponing the discharge decision for the financial year 2009, and the replies by the Director of the European Police College,
- having regard to Article 276 of the EC Treaty and Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>3</sup>, and in particular Article 185 thereof,
- having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL)<sup>4</sup>, and in particular Article 16 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002<sup>5</sup> of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Regulation (EC, Euratom) No 1605/2002, and in particular Article 94 thereof,
- having regard to Commission Decision C(2011)4680 of 30 June 2011 granting consent to a derogation requested by the European Police College from Regulation (EC, Euratom) No 2343/2002,
- having regard to the report of the European Police College of 12 July 2010 on the Reimbursement of Private Expenditure (10/0257/KA),
- having regard to the external audit commissioned by the European Police College (Contract Ref. N° CEPOL/2010/001) on the reimbursement of private expenditure,

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<sup>1</sup> OJ C 338, 14.12.2010, p. 137.

<sup>2</sup> OJ L 250, 27.9.2011, p. 260.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1.

<sup>4</sup> OJ L 256, 1.10.2005, p. 63.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

- having regard to the final report on the five-year external evaluation of the European Police College (Contract Ref. N° CEPOL/CT/2010/002),
  - having regard to the Annual Activity Report 2009 of the Directorate-General Justice, Freedom and Security,
  - having regard to the 4th progress report of the European Police College on the implementation of its Multi-annual Action Plan (MAP) for 2010-2014,
  - having regard to the Court of Auditors' report on the implementation of the European Police College MAP for 2010-2014,
  - having regard to the note of the Internal Audit Service (IAS) of 4 July 2011 (Ref. Ares (2011) 722479) on the 3rd progress report on the implementation of the European Police College MAP for 2010-2014,
  - having regard to the report and annexes thereof of the European Police College on the implementation of the European Parliament's resolution on "2009 Discharge: European Police College",
  - having regard to the report and annex thereof of the European Police College on the application of its Procurement Manual for the period covering 1 July 2010 - 1 July 2011,
  - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control of (A7-0330/2011),
- A. whereas the College was set up in 2001 and, with effect from 1 January 2006, was transformed into a Community body within the meaning of Article 185 of the Financial Regulation, thus coming under the provisions of the framework Financial Regulation for agencies,
- B. whereas the Court of Auditors in its reports on the annual accounts of the College for the financial years 2006 and 2007, qualified its opinion with regard to the legality and regularity of the underlying transactions on the grounds that the procurement procedures did not comply with the provisions of the Financial Regulation,
- C. whereas the Court of Auditors, in its report on the annual accounts of the College for the financial year 2008, added an emphasis of matter to its opinion on the reliability of the accounts, without expressly qualifying it, and qualified its opinion on the legality and regularity of the underlying transactions,
- D. whereas in its decision of 7 October 2010<sup>1</sup> Parliament refused to grant the Director of the College discharge for implementation of the College's budget for the financial year 2008,

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<sup>1</sup> OJ L 320, 7.12.2010, p. 11.

- E. whereas the Court of Auditors, in its report on the annual accounts of the College for the financial year 2009, again qualified its opinion on the legality and regularity of the underlying transactions,
- F. whereas in its abovementioned Decision of 10 May 2011, Parliament decided to postpone its decision on granting the Director of the College discharge in respect of the implementation of its budget for 2009,
- G. whereas in its report on the College's MAP for 2010-2014 the Court of Auditors stated that the College is progressing according to the milestones established in its MAP,
- H. whereas in its note of 4 July 2011 to the Director of the College the IAS stated that, although the description in the progress report on the implementation of the College's MAP remains fairly general, it gives a clear overview of the status of the different milestones and should thereby serve as a satisfactory basis for informing different stakeholders,
- I. whereas by Decision C(2011)4680 of 30 June 2011 the Commission granted a derogation to the College from the provisions of Article 74b of Regulation (EC, Euratom) No 2343/2002,

#### ***GENERAL ASSESSMENT***

- 1. Acknowledges the measures taken by the new management and governance of the College to tackle its deficiencies in response to Parliament's request for action, following the serious irregularities in the implementation of the budget for 2009; welcomes, in particular, the following actions taken in time to respond to Parliament's requests:
  - a. the revision of the Financial Regulation of the College by introducing a derogation concerning the exclusion for tender with regard to the selection of educational experts in order to use experts from national police training institutes and, therefore, ensuring the cost effectiveness and the representation of these institutions as part of the College's network;
  - b. the assurance from the Court of Auditors and from the IAS that the College's MAP for 2010-2014 gives an overview of the status of its different milestones and that the College is progressing according to its targets;
  - c. a report on the application by the College of the procurement manual for the period covering 1 July 2010 - 1 July 2011;
  - d. the decision of the Governing Board of the College to grant voting rights to the Commission;
- 2. Looks forward to the Commission's presentation in 2012 of the College's new legal framework to integrate the abovementioned Commission's voting rights in the proceedings of the Governing Board;

3. Underlines that the discharge authority will continue to carefully monitor the level of implementation of the measures undertaken during the upcoming discharge procedures;
4. Notes that the final report on the five-year external evaluation of the College established that there is a case for the College's relocation; calls, therefore, on the Court of Auditors to prepare a special report, during 2012, setting out the costs and benefits in financial and operational terms of merging the College's responsibilities with those of Europol;

### ***SPECIFIC ACTIONS TAKEN BY THE COLLEGE TO TACKLE ITS WEAKNESSES***

#### *Procurement procedures*

5. Acknowledges that the College has finally developed and implemented its procurement manual for internal use as requested by Parliament in its discharges to the College for 2008 and 2009; acknowledges that this manual was adopted by the College on 8 June 2010 and entered into force on 1 July 2010 and that a public procurement coordinator has been appointed;
6. Welcomes the first report of the College on the application of its procurement manual for 1 July 2010 - 1 July 2011; nevertheless waits for the Court of Auditors to evaluate the application by the College of the procurement manual;
7. Has checked the College's statistical report for 1 July 2010 - 1 July 2011; welcomes the fact that this document provides Parliament with full information on the procurement procedures; acknowledges from this report and from the report on the application of the procurement manual that the procedures used by the College were constantly monitored and controlled by the College;

#### *Rules governing expenditure on courses*

8. Acknowledges that on 28 April 2011 the College presented the Commission with a request to modify its Financial Regulation by introducing an Article (Article 74c) which includes a derogation from Regulation (EC, Euratom) No 2343/2002 concerning the exclusion for tender for the selection of educational experts in order to use experts from national police training institutes;
9. Welcomes the Commission's subsequent Decision C(2011)4680 of 30 June 2011 which granted consent to the abovementioned derogation;
10. Takes the view that the College should grant direct access to its detailed budget, which should include a list of its contracts and of its public procurement decisions; and considers that it should publish that list on its internet site, according the provision of the Financial Regulation, excluding details of any contracts whose disclosure might pose a security risk;

#### *Carryover of appropriations*

11. Takes note that the College established an organisational risk register as part of its ongoing budget management to mitigate its risk of underspending; reminds, nonetheless, the College of the importance of programming and monitoring the implementation of its budget to minimise carryover of appropriations; calls also on the Court of Auditors and the IAS to assure Parliament on the College's effective improvements on this issue and to indicate that all instruments for programming and monitoring are firmly in place;

#### *Errors in the accounts*

12. Takes note that, despite the significant delays and errors in its provisional accounts for 2009, the College has assured Parliament that since 2010 it increased its financial discipline and internal control; looks forward to the report of the Court of Auditors on the College's annual accounts for 2010, to establish whether the assurance from the College is well founded;
13. Welcomes the decision of March 2011 by the Governing Board of the College to replace the former Internal Control Standards (ICS) with the recently established 16 ICS of the Commission;
14. Is of the opinion that these new 16 ICS will offer better help to the Director of the College not only to put controls in place but also to monitor that these controls work as intended;
15. Calls therefore on the College to update Parliament on the level of implementation of these 16 ICS on a continuing basis;

#### *Human resource management*

16. Takes note that the College put an end to a contract that the Court of Auditors considered "illegal"; notes that the end of this contract will be effective from 15 September 2011 and that the vacancy notice is already advertised; calls on the College to update the discharge authority on subsequent developments on this specific case;
17. Acknowledges that the level of implementation of the College's recruitment guide bringing the procedures in line with the Staff Regulations of Officials of the European Union<sup>1</sup> was considered to be sufficient by the College; calls also on the Court of Auditors to assure the Parliament on the level of implementation of this guide;

#### *Appropriations used to finance private expenditure*

18. Acknowledges that, as a result of an external audit on an ex-post check, the current Director initiated a recovery order requiring the former Director to return the sum of EUR 2014,94 of which only EUR 43,45 have been recovered to date; regrets the small amount recovered compared to the financial loss that the College incurred under the management of the former Director; takes note that a final reminder for payment has been issued in 2011 and that the next step is to institute proceedings before an English court to establish the legality of the debt, dating from 2007, and, should the appropriate judgement be obtained, the enforcement service will seek to recover the

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<sup>1</sup> OJ L 56, 4.3.1968, p.1.

remainder of the unpaid debt; calls on the current Director to keep the discharge authority updated with regard to the development of this matter;

#### *The College's MAP for 2010-2014*

19. Notes that the enhanced transparency provided by the current Director and its management team has led to an improved understanding of the challenges the College is facing and has fostered the necessary changes; welcomes, in this respect, the policy of the College to:
  - publish a monthly newsletter and regular progress reports on its activities for its Governing Board in order to provide them with a clearer analysis of the status of the College's activities;
  - regularly update its progress report on the level of implementation of its MAP;
  - provide Parliament with the IAS' annual reports pursuant to the relevant provisions of the Financial Regulation;
20. Welcomes the Court of Auditors publication of a report on the implementation of the College's MAP for 2010-2014 in response to Parliament's request; notes that in this report the Court of Auditors stated that the College's implementation of the MAP is progressing according to its milestones; welcomes in this respect that the College proved to have entirely completed its MAP 1 (governance), MAP 4 (validation of its financial system), MAP 5 (financial environment), MAP 6 (transparency over its Governing Board), MAP 8 (strategy plan), MAP 9 (multi-annual recruitment plan); MAP 12 (procurement control environment) and that the remaining MAP objectives are in progress or on schedule;
21. Calls on the College to consult Parliament regularly and to continue to update it with its progress report on the MAP implementation;
22. Welcomes also the IAS' note on the 3<sup>rd</sup> progress report on the implementation of the College's MAP; notes in particular that this note states that the IAS considers that the College responds adequately to the IAS comments and recommendations and although the description in the progress report remains fairly general, it gives a clear overview of the status of the different milestones and should thereby serve as a satisfactory basis for informing different stakeholders, including Parliament's Committee on Budgetary Control;

#### *Structural deficits*

23. Underlines that the governance costs of the College are high compared to its activities; welcomes, therefore, the efforts of the College to reduce its governance expenditure at its 25<sup>th</sup> Governing Board (GB) meeting of June 2011, when it was agreed that all GB committees should be abolished by 2012 and that all GB working groups should be critically analysed;

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24. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2011<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> OJ L 250, 27.9.2011, p. 269.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	3.10.2011
<b>Result of final vote</b>	+ : 15 - : 2 0 : 0
<b>Members present for the final vote</b>	Marta Andreasen, Jean-Pierre Audy, Jorgo Chatzimarkakis, Tamás Deutsch, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Ville Itälä, Jan Mulder, Jan Olbrycht, Crescenzo Rivellini, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard
<b>Substitute(s) present for the final vote</b>	Zuzana Brzobohatá, Véronique Mathieu, Theodoros Skylakakis, Derek Vaughan