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## COVER NOTE

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From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	8 October 2015
To:	Mr Jean ASSELBORN, President of the Council of the European Union
Subject:	Report on the annual accounts of the European Police College for the financial year 2014 together with the College's reply

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Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Police College for the financial year 2014.

This report is accompanied by the College's reply and will shortly be published in the *Official Journal of the European Union*.

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Encl.: Report on the annual accounts of the European Police College for the financial year 2014 together with the College's reply.<sup>1</sup>

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<sup>1</sup> In English only. The other languages of this report are available on the European Court of Auditors' website: <http://eca.europa.eu/>.



EUROPEAN  
COURT  
OF AUDITORS

Report on the annual accounts  
of the European Police College  
for the financial year 2014  
  
together with the College's reply

## **INTRODUCTION**

1. The European Police College (hereinafter “the College”, aka “CEPOL”), which is located in Budapest, was established by Council Decision 2000/820/JHA, repealed and replaced in 2005 by Council Decision 2005/681/JHA<sup>1</sup>. 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<sup>2</sup>. The Commission’s accounting officer has been appointed as accounting officer of CEPOL as of 1 April 2014.

## **INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE**

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the College’s supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations.

### **STATEMENT OF ASSURANCE**

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (a) the annual accounts of the College, which comprise the financial statements<sup>3</sup> and the reports on the implementation of the budget<sup>4</sup> for the financial year ended 31 December 2014, and
- (b) the legality and regularity of the transactions underlying those accounts.

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<sup>1</sup> OJ L 256, 1.10.2005, p. 63.

<sup>2</sup> ***Annex II*** summarises the College’s competences and activities. It is presented for information purposes.

<sup>3</sup> These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

<sup>4</sup> These comprise the budgetary outturn account and the annex to the budgetary outturn account.

***The management's responsibility***

4. The management is responsible for the preparation and fair presentation of the annual accounts of the College and the legality and regularity of the underlying transactions<sup>5</sup>:
- (a) The management's responsibilities in respect of the College's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer<sup>6</sup>; making accounting estimates that are reasonable in the circumstances. The College has delegated these responsibilities to the Commission's accounting officer by means of a service level agreement. The Director approves the annual accounts of the College after the Commission's accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of the College in all material respects.
- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

***The auditor's responsibility***

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council<sup>7</sup> with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the

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<sup>5</sup> Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

<sup>6</sup> The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

<sup>7</sup> Article 107 of Regulation (EU) No 1271/2013.

IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the College are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the College's accounts as stipulated in Article 208(4) of the EU Financial Regulation<sup>8</sup>.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

#### **Opinion on the reliability of the accounts**

8. 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**

9. 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.

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<sup>8</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

10. The comments which follow do not call the Court's opinions into question.

#### **COMMENTS ON BUDGETARY MANAGEMENT**

11. The cancellation rate for committed appropriations carried over from 2013 was high at 129 828 euro (15 %), mainly because of the cancellation of the Matrix project (15 090 euro) and the lower than estimated costs to be reimbursed under the 2013 grant agreements (57 285 euro). The Matrix project was cancelled during its initial phase because it did not meet operational needs. This could have been avoided if there had been a proper user analysis by the College. The over-estimation of grant costs indicates the need to obtain more accurate information from the College's beneficiaries.

12. The level of committed appropriations carried over was high for title II (administrative expenditure) at 383 940 euro, i.e. 59 % (2013: 145 414 euro, i.e. 30 %). This was driven in large part by the high volume of furniture and IT equipment, and the maintenance required, for the College's new premises, ordered but not yet delivered and/or paid for in the last quarter of 2014 (the college completed its move to Budapest in October 2014).

#### **FOLLOW-UP OF PREVIOUS YEARS' COMMENTS**

13. An overview of the corrective actions taken in response to the Court's comments from the previous years is provided in **Annex I**.

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 8 September 2015.

*For the Court of Auditors*

Vítor Manuel da SILVA CALDEIRA

*President*

Follow-up of previous years' comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
<b>2011</b>	The high level of budget transfers indicates weaknesses in budget planning and is at odds with the principle of specification.	<b>Completed</b>
<b>2011</b>	The College is located in Bramshill, using premises of the UK National Policing Improvement Agency (NPIA). NPIA is due to close at the end of 2012 and it is not clear until when the College can continue using its current premises.	<b>Completed</b>
<b>2012</b>	Out of the committed appropriations carried over from 2011 amounting to 1,7 million euro, 0,7 million euro (41,2 %) were cancelled in 2012. This was mainly due to lower than estimated costs to be reimbursed under 2011 grant agreements (0,44 million euro or 62 % of cancelled carry-overs).	<b>Ongoing</b>
<b>2012</b>	In 2012, the College made 37 budgetary transfers amounting to 1 million euro, out of which 36 within their respective titles.	<b>Completed</b>
<b>2012</b>	Discussions about the College's future that have been ongoing for several years have created a situation of uncertainty which continues to hamper business planning and implementation.	<b>Completed</b>

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
<b>2013</b>	Out of the committed appropriations carried over from 2012 amounting to 1,7 million euro, 0,3 million euro (17,6 %) were cancelled in 2013. This was mainly due to lower than estimated costs to be reimbursed under 2012 grant agreements (0,21 million euro or 70 % of cancelled carry-overs), which indicates the need to obtain more accurate information from beneficiaries at year-end on the actual cost incurred.	<b>Ongoing</b>
<b>2013</b>	The level of committed 2013 appropriations for the different titles varied between 92 % and 95 %, indicating that legal commitments were made in a timely manner. The level of committed appropriations carried over to 2014 was high for title II (administrative expenditure) at 145 410 euro (30,5 %), but this mainly arose from events beyond the College's control, such as payments due in 2014 for services and goods ordered and received as planned in 2013.	<b>N/A</b>
<b>2013</b>	The College's recruitment procedures are still not fully transparent. Guidance to members of the selection boards on the consistent assessment of selection criteria was not sufficiently clear; requirements set in respect of professional experience were not always compliant with the Implementing Rules to the College's Staff Regulations and recruitment documentation was incomplete.	<b>Ongoing (guidelines in place but not sufficiently detailed)</b>



**European Police College****(Budapest)****Competences and activities**

<b>Areas of Union competence deriving from the Treaty</b> <i>(Article 87 TFEU)</i>	<b>Approximation of laws</b> <p>“1. The Union shall establish police cooperation involving all the Member States’ competent authorities, including police, customs and other specialised law enforcement services in relation to the prevention, detection and investigation of criminal offences.</p> <p>2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may establish measures concerning: [...]</p> <p>(b) support for the training of staff, and cooperation on the exchange of staff, on equipment and on research into crime-detection;” [...]</p>
<b>Competences of the College</b> <i>(Council Decision 2005/681/JHA)</i>	<b>Objectives</b> <p>The aim of CEPOL shall be to help train senior police officers in the Member States by optimising cooperation between CEPOL’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> <b>Tasks</b> <ul style="list-style-type: none"> <li>– To increase knowledge of the national police systems and structures of other Member States and of cross-border police cooperation within the European Union.</li> <li>– To improve knowledge of international and European Union instruments, particularly in the following sectors: <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(c) Eurojust’s objectives, structure and functioning.</li> </ul> </li> <li>– To provide appropriate training with regard to respect for democratic safeguards, with particular reference to the rights of defence.</li> </ul>
<b>Governance</b>	<b>Governing Board</b> <i>Composition</i> <p>One delegation from each Member State.</p> <p>Each delegation shall have one vote. Representatives of the European Commission and of the General Secretariat of the Council of the European</p>

	<p>Union and Europol shall be invited to attend meetings as non-voting observers.</p> <p><b>Director</b> Manages the College, is appointed and may be removed by the Governing Board.</p> <p><b>External audit</b> European Court of Auditors.</p> <p><b>Internal audit</b> European Commission's Internal Audit Service (IAS).</p> <p><b>Discharge authority</b> European Parliament, acting on a recommendation from the Council.</p>
<p><b>Resources made available to the College in 2014 (2013)</b></p>	<p><b>Budget</b> 8,8 (8,4) million euro</p> <p><b>Staff</b> The Establishment Plan for 2014 provided for 27 (28) Temporary Staff. In addition: 10 (10) Contract Staff posts were budgeted for. Member States also seconded a total of: 5,5 (5) National Experts during the course of the year.</p>
<p><b>Products and services in 2014 (2013)</b></p>	<p><b>Courses, Seminars and Conferences</b> The College implemented a total of 71 (72) residential activities (courses, seminars and conferences). The assessment of the evaluation of the activities shows that general satisfaction with the College activities and its learning outcomes remained outstanding at 94 % (94 %). CEPOL has brought together 2 098 (2 251) law enforcement participants, exceeding the planned targets, and 710 (707) trainers from 34 (42) countries (EU Member States and Third Countries) and 24 (21) EU and international bodies. Attendance rate (attendance vs seats available) has remained high: 108 % (116 %) demonstrating exceptional demand for CEPOL training. The College itself organised 11 (19) activities in support of the network and initiated a Grant Agreement application process for 2014. Six additional courses were added to the list of activities by the Governing Board in November. These courses will be implemented by mid-February 2015 and will be counted and reported in the 2015 statistics.</p> <p><b>External Relations</b> In 2014 CEPOL continued its fruitful cooperation with Candidate, Potential Candidate and ENP/EaP countries as well as Strategic Partners, JHA agencies and EU institutions, including the European External Action Service. In 2014, CEPOL concluded the negotiations for two working arrangements, one with the Former Yugoslav Republic of Macedonia and one with Bosnia and Herzegovina. The latter was signed in December 2014, while the former is awaiting the exchange of letters. CEPOL developed a training matrix which provides the state of play for training activities delivered by the JHA agencies network. This was done with a view to improving coordination and possible synergies, in line with the Law Enforcement Training Scheme (LETS). In 2014, CEPOL supported seven capacity building projects implemented by EU</p>

Member States or by international organisations; those ranged from e-Learning methodologies through training against Child Sexual Exploitation to civilian crisis management and other important policing topics.

#### **Development of Training Manuals and (Common) Curricula**

In 2014 two Common Curricula (CC) were updated, one of which (Money Laundering) was adopted in August 2014 together with three that had been updated in 2013 (Counter-Terrorism, Drug Trafficking and Eurojust). The other one, Trafficking in Human Beings (THB), was finalised at the end of October and was submitted to the Governing Board for a written procedure to be adopted in January 2015. By the end of 2014 there were 9 adopted CEPOL CCs in total.

A new section was opened in the Learning Management System (LMS) for the Common Curricula under Educators Support. This is meant to become a source for training input and material on the CC topics. The following six Common Curricula have been uploaded so far: CC05A Counter-Terrorism, CC05D Police Ethics and Integrity, CC06A Domestic Violence, CC06B Money Laundering, CC07A Civilian Crisis Management, CC07B Drug Trafficking.

CC05C on Europol and CC06C on THB will be uploaded as soon as they have been finalised and adopted; CC13A on Eurojust is to be uploaded in January.

The SIRENE Trainers Manual has been updated and will be re-distributed after printing by the Publication Office at the beginning of 2015.

#### **Research and Science**

Two new issues of the "European Science and Research Bulletin" were developed and published on the website and in print (issues Nos 10 and 11).

The number of registered experts in the CEPOL Lecturer, Trainer and Researcher database rose to 293 by the end of the year 2014.

The National Research and Science Correspondents completed their submission of National Implementation Plans.

CEPOL provided access to users of the CEPOL e-Net to the content of nine peer-reviewed professional and academic police science journals.

#### **European Police Exchange Programme**

CEPOL European Police Exchange Programme 2014 (EPEP) featured six segments:

- General segment for Police Officers;
- Commander segment;
- Trainers segment;
- Researchers segment;
- Inter-agency segment;
- ENP-WB segment.

The programme included topics derived from the Stockholm Programme priorities, the EU Policy Cycle as well as requests from the Member States. The exchange visits were done on bilateral basis, with a duration of 6 days/5 nights.

Altogether 312 (444) participants from all EU Member States, Candidate Countries, ENP East and WB countries took part, exceeding the annual target.

The programme had a budget of just over 355 000 euro (600 000 euro) financed by CEPOL and with a utilisation rate of 85 % (95 %).

Feedback is still being collected but at the moment indicates a general satisfaction rate of around 91 % (98 %).

### **Electronic Network (e-Net)**

Following the issues in 2013, there was little or no disruption to service in 2014. In 2014 the project 'Review and update of e-Net user Management' was launched, aimed at identifying unused and disabled e-Net accounts for deletion, improving the e-Net registration workflow and updating the user management tools for e-Net Managers in Member States and partner organisations and within the College.

During 2014 the version of the Learning Management System on e-Net was updated to Moodle 2.7 in which security improvements are addressed. This version of the LMS includes long term support, until May 2017, from Moodle HQ.

### **E-Learning**

In 2014 navigation to online modules on the Learning Management System was improved with a new graphical user interface, making it easier for e-Net users to find the modules they wish to use.

CEPOL supported the ERASMUS project "E-Campus Policing Europe" aimed at the development and delivery of learning assignments on cross border police cooperation matters. The outcome of the project is a module consisting of learning assignments with a bespoke user interface and online support as a course on the CEPOL LMS, targeting police and law enforcement educators. This module became available for all registered e-Net users in September.

CEPOL supported the development of three online modules within the framework of the ISEC project "Developing e-Learning Modules on Cross-Border Police Cooperation Tools for Police Education". The modules were designed on the topics of Hot Pursuit, Mixed Patrols and Data & Information Exchange. To date 23 (19) online modules are available.

Updates to three CEPOL online modules were carried out in 2014: EU Policy Cycle for Serious and Organised Crime, Webinars for Educators and LMS support to the 2014 CEPOL residential activities.

In 2014 a total of 2 513 (1 994) unique users visited the online learning modules, 54 (31) webinars were implemented and attended by 5 399 (3 562) participants. The Webinar Resources platform became the one attracting the most users in 2014.

In 2014 fourteen platforms for communities of practice saw 2 588 (2 063) like-minded professionals in different domains of policing and police education share and build on each other's knowledge and expertise.

Source: Annex supplied by the College.