

2008 discharge: European Police College CEPOL

2009/2127(DEC) - 27/09/2010

The Committee on Budgetary Control unanimously adopted the report adopted at second reading by Véronique MATHIEU (EPP, FR) recommending that the European Parliament **refuses to grant the Director of the European Police College discharge** in respect of the implementation of the College's budget for the financial year 2008.

The committee has decided that a proposal to close the accounts of the European Police College for the financial year 2008 should be submitted at a subsequent part-session.

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. In its decision of 5 May 2010 the Parliament decided to postpone the grant of the discharge for the financial year 2008 based on structural deficiencies as regards the internal management of CEPOL. Members outline their position to refuse discharge in a series of general and specific considerations as summarised below:

General considerations: Members note the recurrence of the College's major deficits. Since 2006 it has struggled to meet the standards of good administration expected from a regulatory agency. They stress repeated audits have highlighted issues in the College's adherence to the Financial and Staff regulations, to the accounting system as well as the failings in budget management, human resources, procurement procedures and rules governing expenditure on courses. They are aware that the College's improvements are expected to be visible only from 2014 when the College's Multi-Annual Plan is supposed to be fully implemented. The committee is, therefore, not ready to accept that the College needs at least nine years (2006-2014) to reach an acceptable standard of good administration expected from a regulatory agency.

From 2006-2009, the College's Management was marked by a lack of responsibility and professionalism of the former Director (Mr Göransson) as well as mismanagement in connection with the Internal Audit Service findings. The lack of transparency and communication were also highlighted as being problematic.

Members call into question the capability of the College to fully overcome its structural problems with respect to: (i) the small size of the College - which calls into question its capacity to handle effectively the complexities of the EU's financial and staff regulations; (ii) the location of the College's secretariat, in Bramshill, some 70 Kilometres from London, which is a disadvantage, inter alia, as regards recruitment and public transport links; (iii) the College's governance costs which are not insignificant, etc. Members suggest, therefore, examining the possibility of attaching the College to Europol as a concrete solution to the College's structural and chronic problems. In addition, they deplore the fact that the College's Governing Board did not make a proper response to the former Director's managerial failings, out of concern not to harm the agency's image and they consider it unacceptable that the Governing Board decided not to take disciplinary action mainly because of the possibility of legal action by the former Director.

The committee notes that the new Director of the College (Mr Banfi) has delivered on time the Action Plan as requested in the Parliament's resolution of 5 May 2010. It regrets, nevertheless, the lack of accuracy in the description of the specific actions to be taken by the College. It also regrets that most of the indicators proposed by the College are vague and do not always clearly help to assess the implementation of the objectives. Members note that, at the request of the Parliament to adopt an Action Plan, the Director of the College and its Governing Board have estimated a realistic four-year period (i.e. from 2010 to 2014) in which to meet the objectives. They are therefore, not ready to accept that the

College needs four more years to reach an acceptable standard of good administration as expected from a regulatory agency. They request that the Director of the College inform the discharge authority on the progress of the implementation of the Action Plan every six months.

Specific remarks: Members have made more technical remarks as regards the internal management of CEPOL which may be summarised as follows:

- **validation of the financial procedures and new accounting system (ABAC):** the committee voices concern at the difficulties experienced in 2008 in migrating the old accounting system to ABAC and the late implementation of a proper accounting system. It expresses its deep concern about the fact the College's actions are now delayed until 2011 due to the resignation of two key actors in the financial circuit: the Accounting Officer and the Finance and Budget Officer. It also regrets the lack of transparency as regards the financial execution of the accounts at 31 December 2008;
- **budgetary programming and monitoring:** Members voice concern at the College's weaknesses in programming and monitoring the budget implementation. They note, in particular, that 31% of the College's total budget had to be carried over in 2008;
- **financial management of the College's work:** Members voice concern at the College's financial management of its work. They note, in particular, that for the year 2008 the Court flagged up the absence of: (i) a legal commitment in three cases; (ii) a budgetary commitment preceding the legal commitment in nine cases. They consider inadequate and vague the measures proposed by the College in this regard;
- **procurement control environment:** again Members voice concern at the College's constant lack of compliance with the Financial Regulation with regard to public procurement rules. They note, in particular, the irregularities in the procedure used for a public supply contract worth the equivalent of some 2% of operational expenditure in 2008. They stress the fact that the Court of Auditors identified in 2008 a large number of cases in which the administrative and financial rules governing expenditure on the organisation of courses and seminars, which accounts for a major proportion (64%) of the College's operational expenditure, were not followed. The main irregularities concerned include inter alia: the failure to submit supporting documents in respect of the costs incurred, failure to provide confirmation of attendance and to supply original invoices and documents necessary for the reimbursement of accommodation expenses, and failure to query travel costs for experts. The report stresses that the Court of Auditors had already remarked that the budget appropriations were not used in accordance with the principle of sound financial management;
- **human resource management:** Members regret the reliance on interim staff for sensitive posts such as financial work. They note that it was not until 2009 that the College issued a vacancy notice for the recruitment of an Internal Control Standards Coordinator and that the **interviews for that post were then scheduled for early 2010.**

Members also consider the issue of appropriations used to finance private expenditure. They regret that the external audit on using appropriations to finance private expenditure announced by the College and to be carried out by an external company, has not been launched yet. They also remark that GBP 2 320.77 on transport costs and taxis for 2007 seems not to have been recovered yet. Members note that the amount of expenditure for the use of mobile phones and cars by staff is still not clear. They stress the fact that, in its specific annual report for the year 2007, the Court of Auditors had already signalled that it was not feasible for the auditors to review all payments made during the year 2007 as it was not possible to quantify either the amount that was irregularly spent on private use or all the different types of private expenditure incurred.