

# 2010 discharge: IMI Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines

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The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the Innovative Medicines Initiative Joint Undertaking and called on the European Parliament to grant the Executive Director of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Joint Undertaking's accounts. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management:** Members note with concern that the budget of the Joint Undertaking for the financial year 2010 and the implementation plan were adopted by the Governing Board only on 16 March 2010 and therefore, for almost the entire first quarter of the year, the Joint Undertaking was obliged to use provisional twelfths budget rule to make payments. They regret that the members of the Joint Undertaking could not establish and agree in due time the scientific priorities to be included in the annual implementation plan which delayed the launch of the 2010 annual call for proposals. Members are also concerned about the low implementation rate of the budget and, moreover, about the underlying activities of the Joint Undertaking. They call on the Joint Undertaking and its members to take appropriate actions to ensure a timely definition of the scientific priorities and call topics and to enable the budget to be balanced in future financial years;
- **Evaluation of contributions in kind:** Members recall that the Joint Undertaking was set up in December 2007 and started to work autonomously in November 2009. They express grave concern that the methodology for evaluating contributions in-kind to be defined in the Joint Undertaking's internal rules and procedures in compliance with its financial rules has not yet been approved by the Governing Board and therefore the European Federation of Pharmaceutical Industries and Associations (EFPIA) members of the Joint Undertaking were unable to report on the costs incurred during the first reporting period as established in the grant agreements. Even though ongoing consultations are underway, the Joint Undertaking is urged to update the discharge authority about this matter;
- **Procurement Procedures:** Members find the Joint Undertakings' initiative to issue joint procurement procedures interesting and believe that it would enable the Joint Undertakings to realise economies of scale and to save taxpayers' money. They encourage the Joint Undertakings, therefore, to resort as often as possible to joint procurement procedures;
- **Call for Proposals and Projects Negotiations:** Members note that, in the framework of the second call for proposals, independent experts participated in the evaluation panels except for final assessment and without voting rights and that in addition the Executive Office of the Joint Undertaking invited independent observers to the two-stage evaluation process. They call on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflict of interests during the evaluation of tenders;

- **Internal control systems:** Members urge the Joint Undertaking to complete its internal controls and financial information systems and to formalise and validate the underlying business processes in due time as required by the financial rules. They state that given its size and mission, the formalisation of policies and procedures in strategic IT planning and monitoring cycle, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind. This situation should be remedied;
- **Internal Audit:** Members note that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service (IAS) and the Joint Undertaking's internal auditing function are clearly defined;
- **Performance:** Members note that the Commission commissioned an interim review which focused on the quality, efficiency and contribution of the Joint Undertaking towards the achievement of set objectives. The review identified certain weaknesses to which the Joint Undertaking should rapidly respond;
- **Lack of host State agreement:** Members reiterate that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

**Horizontal observations on the Joint Undertakings:** Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union, and notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). Members call on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. They recall that Joint Undertakings are **public-private partnerships** and that as a consequence public and private interests are intertwined. The committee is of the opinion that under the circumstances the **likelihood of conflicts of interest should not be dismissed but addressed properly**. It calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Lastly, the Court of auditors is asked to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.