2012 discharge: IMI Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines

2013/2251(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the Executive Director of the IMI Joint Undertaking discharge in respect of the implementation of the Office's budget for the financial year 2012. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament.

Noting that in the Court of Auditors' opinion, the Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2012 and the results of its operations and cash flows for the year then ended, Parliament adopted by 485 votes to 62, with 15 abstentions, a resolution containing a series of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

These recommendations are summarised as follows:

- **Qualified opinion of Court of Auditors**: Parliament was concerned that the error rate resulting from the ex post audits, performed by or on behalf of the Joint Undertaking was 5.82 %. It recognised that most of these errors were relatively small in amounts to be adjusted (less than EUR 5 000 in favour of the Joint Undertaking) and noted that steps had been taken to recover or offset these amounts from subsequent claims. It pointed out that actions taken by the Joint Undertaking to prevent and correct these errors had a bearing on the residual error rate. However, Parliament took note that the Court of Auditors issued a qualified opinion on the legality and the regularity of the transactions on that basis, underlying the annual accounts of the Joint Undertaking for the second consecutive year.
- **Rate of utilisation and carryovers**: Parliament was concerned that a high level of payment and commitment appropriations for administrative expenditure in 2012 were still unused at year end (26.81 % of commitment appropriations and 39.8 % of payment appropriations). It noted that the high level of unused appropriations of the administrative budget indicated that it was not based on realistic estimates defined through the Legislative Financial Statement.
- **Audit rights of the Court of Auditors**: Parliament was surprised to learn that the provisions of the Council Regulation setting up the Joint Undertaking do not recognise the right of the Court of Auditors to audit the in-kind contributions of EFPIA (European Federation of Pharmaceutical Industries and Associations) companies, although they are recorded in the Joint Undertaking's financial statements. It emphasised that it is estimated that these contributions will represent approximately EUR 1 billion over the Joint Undertaking's lifetime and it invited the Court of Auditors to clarify the implications of that provision in the Court of Auditors' annual opinion on the accounts of the Joint Undertaking.

Parliament went on to make a series of observations on calls for proposals, internal control systems, internal audits, and horizontal aspects of European Research Joint Undertakings. It also invited the Court of Auditors to monitor the Joint Undertaking's policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure.

JTI: Parliament invited the Court of Auditors to **comprehensively analyse the Joint Technology Initiatives (JTIs)** and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational – presented. It noted that the Joint Undertakings' total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8 % of the 2012 Union general budget while approximately EUR 618 million came from the general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings. It also recalled that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11.5 million.

Parliament recalled that it had previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes. It agreed with the Court of Auditors' conclusion that the JTIs had been set up to support long-term industrial investment in particular research areas, but noted that it had taken on average two years to grant financial autonomy to a JTI, with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs.