2013 discharge: IMI Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines

2014/2133(DEC) - 21/10/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Innovative Medicines Initiative Joint Undertaking for the financial year 2013, together with the Joint Undertaking's replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the Innovative Medicines Initiative (IMI) Joint Undertaking.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the IMI Joint Undertaking, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer.

Basis for a qualified opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, except for the effects of the matter described below, the transactions underlying the annual accounts of the Joint Undertaking for the year ended 31 December 2013 are, in all material respects, legal and regular. However, the Court noted that under the Joint Undertaking's ex post audit Strategy, as of June 2014, 14 out of 40 ex post audits of the second representative sample had been finalised. The detected error rate resulting from these audits is 2.3%. The Court considered that a qualified opinion was issued for the IMI since there was insufficient appropriate audit evidence on which to base the opinion and the possible effects are considered material but not pervasive.

The audit approach taken by the Court comprises analytical audit procedures, testing of transactions at the level of the Joint Undertaking and an assessment of key controls of the supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations and of annual activity reports.

The 2013 audit placed special emphasis on ex post audits.

At the end of this audit, the Court concluded the following:

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- **conflicts of interest**: the IMI Joint Undertaking has put in place specific measures to prevent conflicts of interest in respect to its Governing Board members, experts and employees. Furthermore, in April 2013 the Joint Undertaking adopted an updated and comprehensive policy on conflicts of interest for both management and staff.

Cross-cutting remarks for all the Joint undertakings: the prevention of conflicts of interest is addressed by most Joint Undertakings by the adoption of specific rules and by the development of tools to document all related information. An Interim Evaluation was performed over 2013 assessing all Joint Undertakings in terms of relevance, efficiency, effectiveness and research quality. The reports, while positive, also highlighted areas for further improvement. In general, all Joint Undertakings have produced reliable accounts but there is room for improvement.

Joint Undertaking's replies: the Joint Undertaking replied point by point to all of the technical elements highlighted by the Court of Auditors. It noted that all errors detected by IMI from these audits have since been communicated to the audited beneficiaries and the required follow-up actions have been launched. In parallel, IMI has continued to take concrete preventive measures to mitigate the risk of future errors in beneficiaries' cost claims. These have included the organisation of frequent financial workshops for participants that focus on recurrent causes of errors and prevention, as well as the regular updating of IMI' s Financial Guidelines for participants explaining in detail the provisions of the IMI model grant agreement. Furthermore, IMI has carried on implementing an intensive annual programme of ex post audits.

IMI will carry on monitoring closely the evolution of the error rate and the impact of its actions, updating accordingly its ex post audit strategy to reflect latest indications and any new emerging risks.

As regards the **activities of the Joint Undertaking in 2013**, the report refers to the Annual Activity Report 2013 which can be found at www.imi.europa.eu.

It should be noted that the budget for the Joint Undertaking for 2013 amount to EUR 255 715 919 in commitment appropriations and EUR 130 558 622 in payment appropriations.