

2016 discharge: IMI 2 Joint Undertaking

2017/2184(DEC) - 19/09/2017 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Innovative Medicines Initiative (IMI) 2 Joint Undertaking for the financial year 2016, together with the Joint Undertaking's reply.

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 focused on the annual accounts of the **IMI 2 Joint Undertaking** (initiative on innovative medicine). To recall, under Horizon 2020, the objective of the IMI 2 Joint Undertaking is to improve health by speeding up the development of, and patient access to, innovative medicines, particularly in areas where there is an unmet medical or social need. It does this by fostering collaboration between the key players involved in healthcare research, including universities, the pharmaceutical and other industries, small- and medium-sized enterprises (SMEs), patient organisations and medicines regulators.

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 2 Joint Undertaking, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016;
- 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 2016, 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 rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2016 are, in all material respects, legal and regular.

The audit also revealed the following points:

- **budgetary and financial management:** the Court noted that the final 2016 budget available for FP7 and Horizon 2020 programme implementation included commitment appropriations of EUR 307 million and payment appropriations of EUR 263.4 million. The utilisation rates for commitment and payment appropriations were 94.1 % and 69.6 %, respectively. The low implementation rate for payment appropriations was mainly due to a reduction in spending on the Ebola+ programme and to delays in concluding grant agreements for calls under Horizon 2020;
- **internal audits:** the Court noted that at the end of 2016, the Joint Undertaking had only partially completed the integration of its control systems with the Commission's common Horizon 2020 grant management and monitoring tools. The JU experienced some delays in making payments to beneficiaries (universities, research organisations and SMEs). This indicates **weaknesses** in the internal control and monitoring procedures for project reports and related cost claims, adversely affecting the efficiency of project implementation.

Joint Undertaking's reply: the JU stated that the relatively low level of operational payments is linked to delays of the successful consortium members in concluding consortium agreements which are required for signing H2020 grant agreements with the IMI2 Joint Undertaking. Moreover, projects in Ebola and Antimicrobial resistance programmes have claimed less funds than foreseen in the initial project budgets, which was mainly due to the decline of the epidemic.

It also confirmed that it is dedicated to completing the transition to the common Horizon 2020 management tools by the end of 2017.