Basic information

2014/2133(DEC) DEC - Discharge procedure	Procedure completed
2013 discharge: IMI Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines **Subject** 8.70.03.03 2013 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	26/09/2014
	Shadow rapporteur MARINESCU Marian-Jean (PPE) BALČYTIS Zigmantas (S&D) DLABAJOVÁ Martina (ALDE) ŠOLTES Igor (Verts/ALE) VALLI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
30/07/2014	Non-legislative basic document published	COM(2014)0510	Summary

20/10/2014	Committee referral announced in Parliament		
23/03/2015	Vote in committee		
31/03/2015	Committee report tabled for plenary	A8-0106/2015	Summary
28/04/2015	Debate in Parliament		
29/04/2015	Decision by Parliament	T8-0167/2015	Summary
29/04/2015	Results of vote in Parliament		
29/04/2015	End of procedure in Parliament		
30/09/2015	Final act published in Official Journal		

Technical information

Procedure reference	2014/2133(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/01601

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE541.305	28/01/2015	
Amendments tabled in committee		PE549.353	05/03/2015	
Committee report tabled for plenary, single reading		A8-0106/2015	31/03/2015	Summary
Text adopted by Parliament, single reading		T8-0167/2015	29/04/2015	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05306/2015	30/01/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0510	30/07/2014	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0005/2015 OJ C 452 16.12.2014, p. 0035	21/10/2014	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2015/1699 OJ L 255 30.09.2015, p. 0386	Summary

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

2014/2133(DEC) - 29/04/2015 - Text adopted by Parliament, single reading

The European Parliament decided by 286 votes to 402, with 7 abstentions, to defer the decision to postpone granting discharge to Executive Director of the Innovative Medicines Initiative 2 (IMI) Joint Undertaking discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2013. With the rejection of the decision to postpone, discharge shall be granted and the accounts shall be deemed closed (see Annex V, Article 5(1) of the Rules of Procedure).

Parliament also adopted by 633 votes to 42, with 17 abstentions, a resolution containing a number of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the resolution on performance, financial management and control of EU agencies:

Budgetary and financial management: Parliament noted that the error rate resulting from audits was at 5.82%, which meant that a qualified opinion was issued on the legality and the regularity of the transactions underlying the accounts of the Joint Undertaking, in view of the fact that the rate was above the materiality threshold of 2%. Whilst acknowledging that follow-up actions related to audited beneficiaries with detected errors were launched, Parliament asked for an action plan with clear objectives aimed at fixing the deficiencies and errors identified by the Court to be submitted to the discharge authority in a timely manner. It also asked IMI 2 to provide the discharge authority with detailed information on the in-kind contributions of EFPIA companies especially on the type of the in-kind contributions and their respective value. Members called on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission including the application of the methodology for evaluating in-kind contributions, together with an assessment by the Commission.

Internal control: Parliament observed that the Commission's Internal Audit Service (IAS) performed an assurance engagement of project management and reporting on operational performance, and included recommendations regarding improvements particularly regarding risk assessment of the Joint Undertaking's specific IT systems as well as the common infrastructure it shares with the FCH, Clean Sky, ENIAC and ARTEMIS Joint Undertakings.

Parliament went on to make a series of observation on conflicts of interests at the Joint Undertaking as well as on the management of calls for proposals and the legal framework of IMI 2.

Regarding the conflict of interests: Parliament took note that in order to prevent conflicts of interest in respect to its Governing Board members, experts and employees, the Joint Undertaking has put in place specific measures which are included in the rules of procedure of both the Governing Board and the Scientific Committee, as well as in the documentation on the code of conduct and conflicts of interest in the case of independent experts during evaluation. The Joint Undertaking has also adopted an updated and comprehensive policy on conflicts of interest for both management and staff members.

Other observations: lastly, Parliament called on IMI 2 to submit a report to the discharge authority on the social-economic benefits of the already completed projects and for that report to be submitted to the discharge authority together with an assessment by the Commission. It recalled that the discharge authority had previously requested the Court to 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.

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

2014/2133(DEC) - 29/04/2015 - Final act

PURPOSE: to grant discharge to the IMI Joint Undertaking for the financial year 2013.

NON LEGISLATIVE ACT: Decision (EU) 2015/1699 of the European Parliament on discharge in respect of the implementation of the budget of the Joint Technology Initiative on Innovative Medicines for the financial year 2013.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the Innovative Medicines Initiative 2 Joint Undertaking for the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines for the financial year 2013.

This decision is in line with the European Parliament's resolution adopted on 29 April 2015 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 29 April 2015).

Amongst Parliament's main observations, the latter noted **an IT risk for the Joint Undertaking's specific IT systems** as well as the common infrastructure it shares with the FCH, Clean Sky, ENIAC and Artemis Joint Undertakings. It asked the Joint Undertaking to change control processes in the infrastructure.

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

2014/2133(DEC) - 30/07/2014 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 discharge procedure.

Analysis of the accounts of the **Joint Technology Initiative on Innovative Medicines (IMI)**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2013 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the IMI Joint Undertaking.

The document contains the figures on which the discharge procedure is based.

Discharge procedure of the EU Joint Undertakings: the EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the multi-annual financial framework (MFF), the European Commission carries out specific programmes, activities and projects in the field with the technical support of some specialised agencies.

The consolidated annual accounts of the EU provide information on the activities of the institutions, agencies and other bodies of the EU from a budgetary and accrual accounting perspective.

The consolidated reports on the implementation of the general budget of the EU include the budget implementation of all Institutions. **Agencies and Joint Undertakings (JUs) do not have a separate budget inside the EU budget**; and they are partially financed by a Commission budget subsidy.

Each JU is subject to its own discharge procedure.

IMI: in 2013, the tasks and budget of the Joint Undertaking were as follows:

- **description of the tasks of the Joint Undertaking**: the IMI Joint undertaking, which is located in Brussels, was set up in 2007 by Council Regulation (EC) No 73/2008 for a period of 10 years. The IMI Joint Undertaking supports pre-competitive pharmaceutical research and development in the Member States and associated countries, aiming at increasing the research investment in the biopharmaceutical sector and promotes the involvement of small and medium-sized enterprises (SME) in its activities;
- **accounts of the JU**: the maximum indicative contribution of the Commission to cover running costs and research activities is EUR 1 billion up to 31.12.2017. The cumulative unrecognised share of losses is EUR 16 million.

Please also consult the final accounts of IMI Joint Undertaking.

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:

- **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.

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

2014/2133(DEC) - 31/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) on discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines (IMI) for the financial year 2013.

It called on the European Parliament to postpone its decision on granting the Executive Director of IMI 2 discharge in respect of the implementation of the budget of the Joint Undertaking for the implementation of the IMI for the financial year 2013.

Members postponed the closure of the accounts of the Joint Undertaking for the financial year 2013. At the same time, they made a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

- **Budgetary and financial management:** Members noted that the error rate resulting from audits was at 5.82%, which meant that a qualified opinion was issued on the legality and the regularity of the transactions underlying the accounts of the Joint Undertaking, in view of the fact

that the rate was above the materiality threshold of 2%. Whilst acknowledging that follow-up actions related to audited beneficiaries with detected errors were launched, Members asked for an **action plan with clear objectives aimed at fixing the deficiencies and errors identified by the Court** to be submitted to the discharge authority in a timely manner. Members also asked IMI 2 to provide the discharge authority with detailed information on the in-kind contributions of EFPIA companies especially on the type of the in-kind contributions and their respective value. They also called on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission including the application of the methodology for evaluating in-kind contributions, together with an assessment by the Commission.

- **Internal control:** the committee observed that the Commission's Internal Audit Service (IAS) performed an assurance engagement of project management and reporting on operational performance, and included recommendations regarding improvements particularly regarding risk assessment of the Joint Undertaking's specific IT systems as well as the common infrastructure it shares with the FCH, Clean Sky, ENIAC and ARTEMIS Joint Undertakings.

Members went on to make a series of observation on conflicts of interests at the Joint Undertaking as well as on the management of calls for proposals and the legal framework of IMI 2.

Other observations: lastly, the committee called on IMI 2 to submit a report to the discharge authority on the social-economic benefits of the already completed projects and for that report to be submitted to the discharge authority together with an assessment by the Commission. It recalled that the discharge authority had previously requested the Court to 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.

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

2014/2133(DEC) - 30/01/2015

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the Innovative Medicines Initiative Joint Undertaking (IMI), and the report by the Court of Auditors on the annual accounts of the Joint Undertaking for the financial year 2013,accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended that the European Parliament give a discharge to the Executive Director of the successor Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the financial year 2013.

The Council recalled that the Innovative Medicines Initiative 2 Joint Undertaking (IMI 2) has replaced and succeeded the Innovative Medicines Initiative Joint Undertaking and discharge should therefore be given to the Executive Director of IMI 2.

The Council welcomed the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly 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 the Joint Undertaking's Financial Regulation and the accounting rules adopted by the Commission's accounting officer

However, the Council regretted the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts, due to the error rate above the materiality threshold detected during its ex-post audits.

While recognising the improvements compared to 2012, the Council urged IMI 2 to take the necessary corrective actions to recover the ineligible expenditure and to decrease the rate of error in order to achieve an unqualified opinion of the Court. In addition, the following observations are made:

- **carryovers:** in order to avoid excessive carry-overs, the Council called on IMI 2 to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year and to decommit unused appropriations if necessary;
- **internal controls:** the Council welcomed the developments achieved so far in establishing effective and reliable internal control systems and invites IMI 2 to continue the effort in line with the Court's recommendations;
- **results of research**: the Council also invited the successor Joint Undertaking to improve the monitoring of research results.