Basic information

2018/2215(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: IMI 2 Joint Undertaking **Subject** 8.70.03.02 2017 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	DLABAJOVÁ Martina (ALDE)	25/07/2018
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) POCHE Miroslav (S&D) MARIAS Notis (ECR) OMARJEE Younous (GUE/NGL) TARAND Indrek (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

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	OETTINGER Günther

Key events

Date	Event	Reference	Summary

28/06/2018	Non-legislative basic document published	COM(2018)0521	Summary
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
27/02/2019	Committee report tabled for plenary	A8-0104/2019	Summary
26/03/2019	Decision by Parliament	T8-0291/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/2215(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14374

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.833	17/12/2018	
Amendments tabled in committee		PE634.572	30/01/2019	
Committee report tabled for plenary, single reading		A8-0104/2019	27/02/2019	Summary
Text adopted by Parliament, single reading		T8-0291/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05827/2019	31/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0521	28/06/2018	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0007/2019 OJ C 452 14.12.2018, p. 0057	02/10/2018	Summary

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

Final act
Budget 2019/1545 OJ L 249 27.09.2019, p. 0337

2017 discharge: IMI 2 Joint Undertaking

2018/2215(DEC) - 28/06/2018 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2017, as part of the 2017 discharge procedure.

Analysis of the accounts of the **Innovative Medicines Initiative Joint Undertaking (IMI2) Joint Undertaking.**

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the **EU's consolidated accounts for the year 2017** and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies with a view to granting discharge.

Discharge procedure: **the final step of a budget lifecycle is the discharge**. It is the decision by which the European Parliament '**releases**' the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. It is granted by the European Parliament on the recommendation of the Council.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the granting, postponement or refusal of discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

All EU institutions and other agencies, bodies and joint undertakings are subject to their own discharge procedures.

IMI 2 JU: the IMI 2 Joint undertaking, which is located in Brussels, was set up by Council Regulation (EU) No 557/2014, for a period up to 31 December 2024. IMI is Europe's largest public-private initiative aiming to speed up the development of better and safer medicines for patients. The IMI 2 Joint Undertaking aims to increase clinical trial success rates of priority medicines identified by the World health Organization and where possible, reduce the time to reach clinical proof of concept in medicine development for certain diseases such as cancer and Alzheimer's disease.

As regards the JU's accounts, these are presented in detail in the document published by the Joint Undertaking (please refer to the final accounts of the IMI 2 JU).

2017 discharge: IMI 2 Joint Undertaking

2018/2215(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant the Executive Director of the Innovative Medicines Initiative (IMI 2) Joint Undertaking discharge in respect of the implementation of the joint undertaking's budget for the financial year 2017 and to approve the closure of the joint undertaking's accounts.

Noting that the Court of Auditors considered that the annual accounts of the Joint Undertaking for the financial year 2017 accurately reflected the financial position of the Joint Undertaking as at 31 December 2017, as well as the results of its operations, Parliament adopted by 505 votes to 115, with 9 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision.

General

The maximum contribution for the period of 10 years from the Union to the IMI 2 Joint Undertaking is EUR 1 638 000 000, to be paid from the budget of Horizon 2020 and the members, other than the Commission, have to contribute 50 % of the running costs and should contribute to operational costs through cash or in-kind contributions, or both, equal to the financial contribution of the Union.

Budgetary and financial management

Parliament noted the clean opinion of the Court on the legality and regularity of transactions underlying the annual accounts of the IMI 2 Joint Undertaking for the year 2017 which are legal and regular in all material respects.

The final 2017 budget available for the Seventh Framework Programme and Horizon 2020 programme implementation included commitment appropriations of EUR 322 396 498 and payment appropriations of EUR 206 372 367. The utilisation rates for commitment appropriations were 97.07 %.

Members regretted, however, that payment appropriations were for the fourth consecutive year below 75 %: in 2017 they were at 71.96 %. This low implementation was mainly due to a reduction or postponement of clinical trials within some large and complex projects of the anti-microbial resistance and Ebola programmes and to delays in concluding grant agreements for calls under Horizon 2020. They invited the IMI 2 Joint Undertaking to present updated information to the discharge authority and to improve the payment appropriations for the procedure next year.

Other observations

The resolution also contained a series of observations on performance and internal control systems. It noted in particular:

- the strategy to involve SMEs as IMI Joint Undertaking´s beneficiaries and thus contributing to the creation of a value chain as well as the involvement of the patients organisations;

- at the end of 2017 approximately 50 % of IMI Joint Undertaking´s projects had patient organisations engaged in some sort of way;

- by the end of 2017, the Commission's Common Support Centre had not finished specific developments in the Horizon 2020 grant management and monitoring tools to serve the IMI 2 Joint Undertaking's reporting and processing needs for in-kind contributions. The IMI 2 JU should report to the discharge authority these results;

- a new website was launched in 2017, which is reflecting the suggestions of IMI Joint Undertaking´s main stakeholders and its own communication objectives and contributes to further visibility of the Joint Undertaking.

2017 discharge: IMI 2 Joint Undertaking

2018/2215(DEC) - 02/10/2018 - 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 2017, together with the Joint Undertaking's reply.

CONTENT: the Court of Auditors carried out the audit on the accounts of the Innovative Medicines Initiative (IMI) 2 Joint Undertaking.

In brief, the objective of the IMI 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. The Joint Undertaking seeks to facilitate collaboration between the key players in healthcare research, including universities, the pharmaceutical and other industries, small- and medium-sized enterprises (SMEs), patient organisations and medicine regulators.

Statement of assurance and reliability of the accounts

The Court considered that:

- the Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Undertaking, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations

Financial management

The final 2017 budget available for FP7 and Horizon 2020 programme implementation included commitment appropriations of EUR 322.4 million and payment appropriations of EUR 206.4 million. The implementation rates for commitment and payment appropriations were 97 % and 72 %, respectively. The low implementation rate for payment appropriations was mainly due to a reduction or postponement of clinical trials within some large and complex projects of the Anti-Microbial Resistance and Ebola programmes and to delays in concluding grant agreements for calls under Horizon 2020.

Near the end of 2017, the unused payment appropriations from previous years amounted to EUR 78.7 million. Consequently, the Joint Undertaking's Governing Board approved in July 2017 to reduce the new operational payment appropriations of the year by EUR 56 million, and in November 2017 to reduce the accumulated unused payment appropriations from previous years by EUR 25.8 million. This situation shows that during the last years, there were weaknesses when planning and monitoring the need for new payment appropriations.

Internal controls

The Joint Undertaking has set up reliable ex-ante control procedures based on financial and operational desk reviews. For FP7 interim and final payments, the Joint Undertaking performs ex-post audits at the beneficiaries whilst for Horizon 2020 project cost claims the Commission's Common Audit Service (CAS) is responsible for the ex-post audits.

Based on an assessment of the Joint Undertaking's internal control system and substantive testing of revenue, payment, grant and procurement operations and a review of a sample of finalised ex-post audits including recoveries arising from the errors detected, the audit results provided us with reasonable assurance that the overall residual error rate for the Joint Undertaking is below materiality.

At the end of 2017, the Commission's Common Support Centre (CAS) had not finished specific developments in the Horizon 2020 grant management and monitoring tools to serve the Joint Undertaking's reporting and processing needs for in-kind contributions.

Leverage of contributions

One of the main objectives of the Joint Undertaking is to leverage contributions from industry members in the area of its activities. The minimum leverage factor to be achieved according to the Joint Undertaking's founding regulation is 1.

Joint Undertaking's replies

Financial management

The forecasting process under the Commission's annual budgeting procedure starts two years in advance. The IMI2 Joint Undertaking is requested to provide a forecast for payment appropriations in January year N-2, at a time where future needs cannot be identified with full accuracy and precision. In January of year N-1, payment appropriations are recorded in the Commission's 'Fiche Financière' which forms the basis of the Commission's annual budget procedure.

The established budgetary process does not allow any adaptations even though the IMI2 Joint Undertaking revises its forecast in year N-1 according to the actual changes in project portfolio.

2017 discharge: IMI 2 Joint Undertaking

2018/2215(DEC) - 27/02/2019 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Martina DLABAJOVÁ (ALDE, CZ) on discharge in respect of the implementation of the budget of the Innovative Medicines Initiative (IMI 2) Joint Undertaking for the financial year 2017.

The committee called on the European Parliament to grant the joint undertaking's Executive Director discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2017.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2017, Members called on Parliament to approve the closure of the joint undertaking's accounts.

They made, however, a number of recommendations that need to be taken into account when the discharge is granted. They may be summarised as follows:

Budgetary and financial management

Members noted that the final 2017 budget available for the Seventh Framework Programme and Horizon 2020 programme implementation included commitment appropriations of EUR 322 396 498 and payment appropriations of EUR 206 372 367. The utilisation rates for commitment appropriations were 97.07 %.

They regretted, however, that payment appropriations were for the fourth consecutive year below 75 %: in 2017 they were at 71.96 %. This low implementation was mainly due to a reduction or postponement of clinical trials within some large and complex projects of the anti-microbial resistance and Ebola programmes and to delays in concluding grant agreements for calls under Horizon 2020. Members invited the IMI 2 Joint Undertaking to present updated information to the discharge authority and to improve the payment appropriations for the procedure next year.

Other observations

The report also contained a series of observations on performance and internal control systems. It noted in particular:

- the strategy to involve SMEs as IMI Joint Undertaking´s beneficiaries and thus contributing to the creation of a value chain as well as the involvement of the patients organisations;

- at the end of 2017 approximately 50 % of IMI Joint Undertaking´s projects had patient organisations engaged in some sort of way;

- by the end of 2017, the Commission’s Common Support Centre had not finished specific developments in the Horizon 2020 grant management and monitoring tools to serve the IMI 2 Joint Undertaking’s reporting and processing needs for in-kind contributions. The IMI 2 JU should report to the discharge authority these results;

- a new website was launched in 2017, which is reflecting the suggestions of IMI Joint Undertaking´s main stakeholders and its own communication objectives and contributes to further visibility of the Joint Undertaking.

2017 discharge: IMI 2 Joint Undertaking

2018/2215(DEC) - 31/01/2019 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Innovative Medicines Initiative 2 Joint Undertaking (IMI 2), as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2017, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2017.

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 2017 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 Rules, and that the underlying transactions for 2017 are legal and regular in all material respects.

Nevertheless, one observation needs to be made:

-*financial management*: the Council called on the Joint Undertaking to enhance the planning and monitoring of payment appropriations in order to improve its budgetary forecasts.