













Procedure file

Basic information		
DEC - Discharge procedure	2017/2184(DEC)	Procedure completed
2016 discharge: IMI 2 Joint Undertaking		
Subject 8.70.03.06 2016 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgetary Control	 HAYES Brian	20/09/2017
		Shadow rapporteur	
		 POCHE Miroslav	
		 CZARNECKI Ryszard	
		 DLABAJOVÁ Martina	
		 TARAND Indrek	
		 VALLI Marco	
		 KAPPEL Barbara	
		Committee for opinion	Rapporteur for opinion
 Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
 Industry, Research and Energy	The committee decided not to give an opinion.		
European Commission	Commission DG Budget	Commissioner OETTINGER Günther	

Key events			
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		

22/03/2018	Committee report tabled for plenary	A8-0075/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	Decision by Parliament	T8-0170/2018	Summary
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2184(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10873

Documentation gateway

Non-legislative basic document	COM(2017)0365	26/06/2017	EC	Summary
Court of Auditors: opinion, report	N8-0047/2018 OJ C 426 12.12.2017, p. 0049	19/09/2017	CofA	Summary
Committee draft report	PE613.433	25/01/2018	EP	
Supplementary non-legislative basic document	05943/2018	09/02/2018	CSL	Summary
Amendments tabled in committee	PE618.281	01/03/2018	EP	
Committee report tabled for plenary, single reading	A8-0075/2018	22/03/2018	EP	Summary
Text adopted by Parliament, single reading	T8-0170/2018	18/04/2018	EP	Summary

Final act

Budget 2018/1448
[OJ L 248 03.10.2018, p. 0370](#) Summary

2016 discharge: IMI 2 Joint Undertaking

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 discharge procedure.

Analysis of the accounts of the IMI 2 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 2016 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, including the IMI 2 JU, with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the

end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the 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.

Each agency is subject to its own discharge procedure, including the IMI 2 JU.

IMI 2 Joint Undertaking: 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. 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.

The socio-economic impacts of the first IMI projects to finish in 2016 confirms that the projects leverage funding and are delivering on IMIs goal of helping to make concrete improvements to the medicines development process.

As regards the JUs 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](#)).

2016 discharge: IMI 2 Joint Undertaking

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 Undertakings 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 Courts opinion, the Joint Undertakings 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 Commissions accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Courts 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 Commissions 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 Undertakings 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.

2016 discharge: IMI 2 Joint Undertaking

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 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 2016, 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 2016.

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 2016 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 2016 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- management: the Council encouraged the Joint Undertaking to complete without delay the integration of its control systems with the Commission's common Horizon 2020 grant management and monitoring tools;
- payments and internal control: the Council regretted the delays in making payments to beneficiaries and urged the Joint Undertaking to improve its internal control and monitoring procedures for project reports and related cost claims.

2016 discharge: IMI 2 Joint Undertaking

The Committee on Budgetary Control adopted the report by Brian HAYES (EPP, IE) on discharge in respect of the implementation of the budget of the Innovative Medicines Initiative (IMI2) Joint Undertaking for the financial year 2016.

The committee called on the European Parliament to grant the joint undertakings Executive Director discharge in respect of the implementation of the joint undertakings budget for the financial year 2016.

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 2016, Members called on Parliament to approve the closure of the joint undertakings 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:

Financial management: the final 2016 budget available for the Seventh Framework Programme and Horizon 2020 programme implementation included commitment appropriations of EUR 307 053 000 and payment appropriations of EUR 263 423 000. The utilisation rates for commitment appropriations were 94.1 % (increase of 3.06 % compared to 2015).

Members regretted to note that payment appropriations were for the third consecutive year below 75 %: in 2016 they were at 69.6 %. The Joint Undertaking is asked to improve the payment appropriations for the procedure next year.

Other observations: the report also contained a series of observations on the anti-fraud strategy, internal control systems and the prevention and management of conflicts of interests.

Members regretted to discover that in 2016 one instance of suspicion was communicated to OLAF which decided to dismiss the case based on the documentation provided. The Joint Undertaking undertook in parallel an independent financial audit which concluded with a minor adjustment and no significant material findings.

Members also regretted to note that the IMI 2 Joint Undertaking experienced some delays in payments to beneficiaries (universities, research organisations and small and medium-sized enterprises). The time-to-pay target of 90 days for interim payments was exceeded by 5 days in 2016. Corrective measures were taken by the IMI 2 Joint Undertaking to improve the situation, notably by enhancing cooperation with project consortia, by reviewing internal procedures and by hiring more staff for the financial unit.

Lastly, the Commission is called on to ensure the direct involvement of the IMI 2 Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of further simplifications and harmonisation of joint undertakings.

2016 discharge: IMI 2 Joint Undertaking

The European Parliament decided to grant discharge to the Director of the Innovative Medicines Initiative 2 (IMI 2) Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the financial year 2016 and to approve the closure of the accounts of the joint venture for the same financial year. Noting that the Court of Auditors considered that the annual accounts of the Joint Undertaking for the financial year 2016 accurately reflect the financial position of the Joint Undertaking as at 31 December 2016, as well as the results of its operations, Parliament adopted 567 votes in favor, 121 against and 7 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision:

Financial management: the final 2016 budget available for the Seventh Framework Programme and Horizon 2020 programme implementation included commitment appropriations of EUR 307 053 000 and payment appropriations of EUR 263 423 000. The utilisation rates for commitment appropriations were 94.1 % (increase of 3.06 % compared to 2015).

Members regretted to note that payment appropriations were for the third consecutive year below 75 %: in 2016 they were at 69.6 %. The Joint Undertaking is asked to improve the payment appropriations for the procedure next year. At the end of 2016, the in-kind and cash contributions of the industry members totalled EUR 506 million, compared to the Unions cash contributions to the Seventh Framework Programme activities of the IMI Joint Undertaking, which amounted to EUR 728 million.

Other observations: the resolution also contained a series of observations on the anti-fraud strategy, internal control systems and the prevention and management of conflicts of interests. It stressed the following points:

- in 2016 one instance of suspicion was communicated to OLAF which decided to dismiss the case based on the documentation provided. The Joint Undertaking undertook in parallel an independent financial audit which concluded with a minor adjustment and no significant material findings;
- at the end of 2016, the IMI 2 Joint Undertaking had only partially completed the integration of its control systems with the Commissions common Horizon 2020 grant management and monitoring tools;

- the IMI 2 Joint Undertaking experienced some delays in payments to beneficiaries (universities, research organisations and small and medium-sized enterprises). The time-to-pay target of 90 days for interim payments was exceeded by 5 days in 2016. Corrective measures were taken by the IMI 2 Joint Undertaking to improve the situation, notably by enhancing cooperation with project consortia, by reviewing internal procedures and by hiring more staff for the financial unit.

Lastly, the Commission was called on to ensure the direct involvement of the IMI 2 Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of further simplifications and harmonisation of joint undertakings.

2016 discharge: IMI 2 Joint Undertaking

PURPOSE: to grant discharge to the IMI 2 Joint Undertaking for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1448 of the European Parliament on discharge in respect of the implementation of the budget of the Innovative Medicines Initiative 2 Joint Undertaking for the financial year 2016.

CONTENT: the European Parliament decided to grant discharge to the Executive Director of the Innovative Medicines Initiative 2 Joint Undertaking for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (please refer to the summary dated 18.4.2018).

In this resolution, Parliament regretted to note that at the end of 2016 the third year of Horizon 2020 implementation the IMI 2 Joint Undertaking had only partially completed the integration of its control systems with the Commissions common Horizon 2020 grant management and monitoring tools. Prioritisation is to be given to complete the integration process quickly according to Parliament.

It acknowledged, however, the significant progress achieved in close cooperation with the Commission services which should enable all IMI 2 Joint Undertaking project reporting, monitoring and payment to be carried out via the common Horizon 2020 tools as of the beginning of 2018.

Lastly, Parliament called on the Commission to ensure the direct involvement of the IMI 2 Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of further simplifications and harmonisation of joint undertakings.