



## PRESS RELEASE

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### FINANCES AND PUBLIC ACCOUNTS

# CERTIFICATION OF THE 2017 SOCIAL SECURITY SYSTEM FINANCIAL STATEMENTS

The *Cour des comptes* hereby issues its twelfth audit opinion of the French Social security system financial statements, whose certification constitutes an asset for public finances, in terms of transparency and reliability. The *Cour des comptes* delivers an opinion on nine series of financial statements:

- the combined financial statements of the Collection activity and each of the four social security system branches —Health insurance, Accidents in the workplace and Occupational illness (AT-MP), Family benefits and Old age pensions ;
- the annual financial statements of the four national bodies concerned: Caisse Nationale d'Assurance Maladie (CNAM), Caisse Nationale des Allocations Familiales (CNAF), Caisse Nationale d'Assurance Vieillesse (CNAV) and Agence Centrale des Organismes de Sécurité Sociale (ACOSS).

In 2017, the scope of certification by the Cour consisted of expenditures of EUR 449,1 billion (19.6% of GDP) and income of EUR 555,1 billion (24.2% of GDP), of which part is collected on behalf of entities other than the general social security system. In 2017, the combined branches of the social security system suffered a shortfall of EUR 2.2 billion (vs. EUR 4.1 billion in 2016).

For the fifth year running, the *Cour des comptes* certifies that these financial statements are, according to the applicable accounting rules and principles, consistent and sincere, and give a fair and accurate view of the social security system's financial situation and assets, subject to 28 material qualifications, versus 31 for 2016. Three qualifications issued on the previous financial statements were eased and 46 audit points were met during the financial year 2017, for all national branches and bodies concerned.

Despite improvements in the internal control systems and auditing activities, weaknesses and lack of effectiveness in this field have persisted in all branches. Several residual financial risk indicators deteriorated in 2017. In addition to accounting discrepancies affecting an exceptional tax income from company vehicles (*taxe sur les véhicules de société*) and an exceptional VAT income allocated to ACOSS, weaknesses marked the initial funding of a new financing mechanism for pharmaceutical innovation.

**Accidents in the workplace and occupational illness (AT-MP) and CNAM branches.** The *Cour des comptes* certifies the 2017 financial statements of the Health insurance subject to five qualifications, and six qualifications for the AT-MP branch, as well as two qualifications for the the CNAM.



The reinforcement of the internal control system continued in the Health cover branch, but weaknesses remain, particularly in controlling costs for universal health care benefits as well as for benefits subject to prior approval and to notice of sick leave. Moreover, the inclusion of medical monitoring in the internal control system has remained insufficient. The year was marked by a deterioration of the residual financial risk indicator on health care cost reimbursements.

The AT-MP branch made substantial headway in 2017, as divergences between the contribution rates observed in the information systems were no longer considered significant. However, findings on internal control have persisted, similar to those reported in the Health insurance.

**Family branch and CNAF.** The *Cour des comptes* certifies the 2017 financial statements of the family branch subject to three qualifications, and the annual financial statements of the CNAF, subject to two qualifications.

Despite implementing new national standards, the internal control system for social welfare benefits within the family branch still shows weaknesses. The consistently high level of financial risk indicators calls for the continued strengthening of internal control.

**Old age pensions and CNAV.** The *Cour des comptes* certifies the combined 2017 financial statements of Old age pensions subject to three qualifications, and the annual financial statements of CNAV subject to two qualifications.

Controlling health and welfare benefits was shored up in 2017. However, the quality of benefit payments must be improved, as per the worsening residual financial risk indicators.

**Collection activity and ACOSS.** The *Cour des comptes* certifies the combined 2017 financial statements of the Collection activity subject to three qualifications, and the annual financial statements of ACOSS subject to two qualifications.

In particular, the financial year was marked by the inclusion of changes made to regulations and implementation of the national office for collections of self-employed persons with a view to integrating non-salaried employees in the social security system in 2018.

Persistent limitations in internal control systems, as well as the accounting treatment of several exceptional tax income following legislative and regulatory changes have affected the reliability of the 2017 financial statements.

The *Cour des comptes* identifies the following three priority areas for improvement :


- more efficient internal control systems, which specifically implies improving the effectiveness of anti-fraud measures;
- better control of risks related to information systems and development of automated controls ;
- more systematic assessment, upon adoption, of the impact of all legislative and regulatory provisions likely to affect the financial situation of the social security system or those prompting changes in accounting policy.


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