



CERTIFICATION OF THE FINANCIAL STATEMENTS OF THE GENERAL SOCIAL SECURITY REGIME- financial year 2019

Main remarks

The stakes of the certification audit

The Cour des comptes mission

Every year, in application of article L.O. 132-2-1 of the French Financial Jurisdiction Code, the Cour des comptes drafts a report on the certification of the general social security regime financial statements, which it submits to Parliament and the Government.

In performing this task, it complies with the stipulations of international audit standards (ISA).

It provides a substantiated and independent opinion on the general regime financial statements, after collecting data to certify that they are regular and accurate and give a true and fair view of the financial situation and assets.

Certification scope

The Cour des comptes annual report presents **nine opinions** on the reliability of the financial statements submitted for certification:

- **five** concern the combined accounts for the Health insurance, the Accidents in the workplace and occupational illness (AT-MP), the Family benefits and the Retirements branches of the general regime, and the combined accounts of the collection activity ;
- **four** concern the accounts of the respective national agencies: CNAM, CNAF, CNAV and ACOSS.

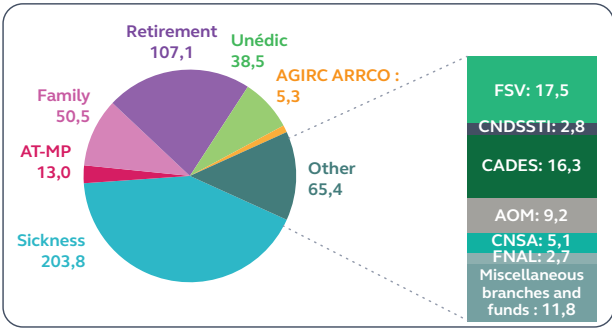
Social security contributions subject to certification

Activities involve the collection of social security contributions and allocated taxes, duties and miscellaneous revenue for the general branch and for other beneficiaries (other social security and social protection branches, Central Government, Unédic, etc.).

Social security contributions collected by ACOSS and URSSAF in 2019 for the general branch and other beneficiaries have reached €483.6B, including €374.4B for the general branch and €109.2B for other social security and social protection bodies and branches, as well as other beneficiaries.

The stakes of the certification audit

Breakdown by beneficiary in 2019
(in billions of euros)



Source: Cour des comptes

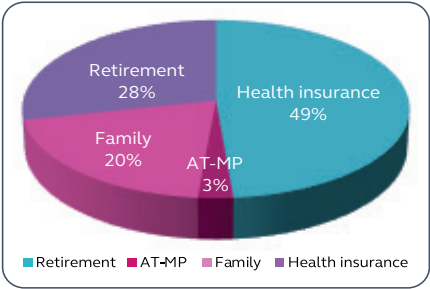
Including internal social security transfers, Central Government and local public entities (€116.6B), revenues subject to certification by the Cour des comptes amount to **€600.2B (24.7% of GDP) in 2019.**

Expenses subject to certification

From a financial audit point of view, the general branch is characterized by very high financial stakes and the considerable number of operations taken into account.

The expenses subject to certification include primarily those benefits provided by the general branch and welfare benefits funded by the Central Government (housing benefit, AAH, employment bonus) and local public entities (RSA).

General branch expenses
(as a percentage of costs in 2019)



Source: Cour des comptes

In 2019, it reached a **total of €491.1B** (as opposed to €473.2B in 2018), or **20% of GDP.**

General social security regime balance in 2019

For all branches combined, in 2019 the general social security regime recorded a loss of €0.4B, following a surplus of €0.5B in 2018 and a loss of €2.2B the year before.

The loss in the Health insurance branch was €1.5B, as opposed to -€0.7B in 2018. The Retirement branch, which recorded a small surplus in 2018 (€0.2B), recorded a loss of €1.4B in 2019, bearing in mind that the loss incurred in the Retirement Solidarity Fund (FSV, whose accounts are

not certified by the Cour des comptes) were reduced to -€1.5B (as opposed to -€1.8B in 2018).

The only branches to record a surplus were the family branch, which recorded a surplus of €1.5B (€0.5B in 2018) and the AT-MP branch, which saw its surplus increase from €0.7B in 2018 to €1B.

In total, the aggregate loss for the general scheme and the FSV increased by €0.6B and stands at €1.9B in 2019.

Contribution of certification and updates to the Cour des comptes opinions

Since 2006, the certification of social security financial statements has made a decisive contribution to achieving transparency and reliability of social security accounting:

- It has furnished Parliament, citizens, the ministries concerned and the boards of directors of national general branch bodies - and the financial markets on which ACOSS operates - with an independent and substantiated assessment on the reliability of financial accounts issued by the main social security branch.
- It has contributed to improving internal control systems and combating fraud, thereby improving the service provided to the beneficiaries of social security benefits and those who make social security payments. Indeed, it allows the correct and due payment for benefits

The financial year 2019 was marked by the continued integration of self-employed workers into the general social security regime, following the discontinuation of the RSI on 1 January 2018. During this period, the Family branch paid out

to be appraised, the thoroughness of contributions collection in accordance with the law and regulations. It identifies discrepancies between the operations carried out and those that would have been made if internal control had prevented or corrected all errors affecting statements or the processing of said data by the social security bodies.

- It also contributes to improving the reliability of financial data required to prepare parliamentary social security funding bills and provides data for the appraisal and correct application of decisions by the legislator and the regulatory authority. It provides comparative data on the results of the general social security regime and the breakdown between its various branches.

employment incentives to 1.4 million additional beneficiaries. The general social security regime continued to adapt information systems and risk management systems in response to the legislative and regulatory changes.

For the financial year 2019, the Cour des comptes certifies the nine sets of accounts for the general social security regime, subject to twenty-eight qualifications, compared with **twenty-nine the previous year.**

As a demonstration that progress continues in internal control and the recording of operations, **twenty-three sections or points of qualifications issued in 2018 have been removed in 2019 (twenty-eight in 2018).**

A new qualification regarding the 2019 financial statements for collection activities is attributable to the incorrect recording in 2020 of receivable revenue due in 2019, which

downgraded the 2019 results of their main beneficiary, the Health insurance branch for an amount of €0.6B.

The continued high number of qualifications reflects persisting difficulties in reaching a higher level of financial risk control. This is evidenced by the continued high level - and at times even by a deterioration - in most residual financial risk indicators. If other audit points are to be resolved in future, it would require large-scale work aiming at transforming management processes, the extension of information systems functionality and maximizing the benefits of data digitization.

FINANCIAL YEAR 2019		AUDIT OPINIONS OF THE COUR DES COMPTES	
Collection activities and ACOSS	<p>Collection of social security contributions and allocated taxes and duties: €483.6B</p> <p>Financial relations between the Central Government and the social security system changed significantly in 2019, due to a rise of €36B in VAT allocated to social security branches, and the extension of a general easing of social contributions to additional unemployment and retirement insurance premiums</p> <p>In an ever-changing regulatory environment, ACOSS has continued its programme to modernise the URSSAF information system and implement a unified program for internal control.</p> <p>The financial risk management systems still have a number of weaknesses related to the coverage and the reliability of control measures. Information systems risks are still not entirely covered. The number of pending declarative anomalies has greatly increased over the year, and the average rejection rate for nominative social security declarations (DSN) by automated processing has again deteriorated.</p> <p>ACOSS still does not have global indicators to measure the financial risks that the internal control systems were unable to prevent or correct, which limits the potential to evaluate the efficiency of these systems. Accounting processes non-compliant with applicable accounting principles and rules affected the reliability of the financial statements.</p>	<p>The Cour des comptes certifies the 2019 financial statements of collection activity with four qualifications and of ACOSS with two qualifications</p> <p>The discrepancies or limitations that substantiate the qualifications formulated for the 2019 combined accounts for collection activity originate as follows:</p> <ul style="list-style-type: none"> • inadequacies in general internal control systems, which only provide limited assurances on the financial risks to which the collection activity is exposed. • persistent vulnerabilities in the internal control systems for the main social security collection processes for employers of salaried staff and for the self-employed. • uncertainties and limitations affecting several accounting records and estimates during the preparation of financial statements. • the non-inclusion in 2019 of conventional receivables from pharmaceutical firms, which resulted in an understatement of revenue for the Health insurance branch of €0.6B. 	
	<p>2019 expenses: €237.4B</p> <p>In 2019, internal control was notably strengthened with the formalisation of a control plan including the medical services, within the framework of the gradual implementation of an integrated social security management system.</p> <p>Persistent vulnerabilities in the internal control affect the information systems and the correct and timely reimbursement of health expenses and daily allowances. The tools and processes implemented to produce and justify the financial statements show some persisting weaknesses.</p> <p>The definitive errors that affect the coverage by social security of expenses paid by the Health insurance branch represented 7.45% of costs covered, for all risks combined, with an impact of at least €1B, mainly at the expense of social security. The definitive errors that affect daily allowances reached at least €0.4B, mainly at the expense of social security. They affect one case in ten of daily allowances.</p> <p>The high level of expenses with errors limits the reliability provided by internal control regarding service quality, financial statements reliability and the appropriate use of public funding. The limited digitisation of medical prescriptions, work stoppage notices, wage certificates and requests for prior agreement holds back the deployment of automated controls to reduce the high frequency of errors that characterises benefits paid by social security.</p>	<p>The Cour des comptes certifies the 2019 accounts of the Health insurance branch with five qualifications and of CNAM with two qualifications</p> <p>Limitations and discrepancies for the 2019 combined financial statements of the Health insurance branch involve:</p> <ul style="list-style-type: none"> • the limited assurance that the national internal control and audit systems provide on the management of financial risks that affect management processes. • significant persistent financial errors affecting the coverage of expenses billed to social security by health system actors. • the risk of erroneous payments to public and private health establishments due to the inadequate scope of controls enacted on hospitalisation and treatment costs billed to social security. • errors with severe financial impact affecting the calculation of daily allowances, and inadequate error risk management on the payment of disability benefits. • justification of some accounting entries, especially the omission of pharmaceuticals receivables in 2019, which led to the incorrect result for the branch in 2019 (of the order of €0.6B). 	

	FINANCIAL YEAR 2019	ASSESSMENT OF THE AUDITOR GENERAL
AT-MP branch	<p>2019 expenses: €13.1B</p> <p>Beyond findings common to the Health insurance branch, the certification audit led to the raising of other internal control weaknesses.</p> <p>Thus, vulnerabilities in the processes for the recognition of occupational accidents and injuries and for the determination of contribution levels are continuing to affect the reliability of benefits awarded and the revenue recorded in this regard.</p> <p>In addition, weaknesses in the benefits award process and in data exchanges between the primary funds and pricing bodies affect the correct determination of the gross sums used to calculate AT-MP contribution rates.</p> <p>The internal control of the permanent disability allowances does not provide a sufficient level of assurance concerning the reliability of all related settlements and recordings in the accounts of the AT-MP branch.</p>	<p>The Cour des comptes certifies the financial statements of the AT-MP branch with five qualifications</p> <p>The limitations or discrepancies for the 2019 combined financial statements of the AT-MP branch are due to vulnerabilities in internal control, which affect:</p> <ul style="list-style-type: none"> as with the Health insurance branch: coverage of the branch's exposure to financial risks; the control of internal process for covering healthcare costs by direct billing; payments to public and private health establishments and the justification of accounting entries. specific to the AT-MP branch (occupational accidents and sickness): determining contribution rates and recognition of occupational accidents and injuries; the accuracy of calculations for permanent disability and daily allowances; justification of accounts which involve inventory entries.
Family branch and CNAF	<p>2019 expenses (including benefits funded by the Central Government and local public entities: €98.8B)</p> <p>In 2019, CAF activities were marked by a strong increase in the number of beneficiaries (+ 1.4 million) of the work incentive (prime d'activité) and legal benefits paid (+6% compared to 2018), following emergency measures taken at the end of 2018.</p> <p>The controls deployed made it possible to detect increasing undue amounts and recalls, but they were not improved sufficiently to prevent a rise in fraudulent users and undetected recall. Thus, the scope of errors linked to declarative data used for awarding legal benefits has degraded significantly: nine months on average after payment of benefits, undetected errors reached €5.7B in 2019 (i.e. the equivalent of 7.8% of benefits paid), compared to €4.9B in 2018. Work incentive, RSA and housing benefit make up almost 85% of these errors, mainly at the expense of social security. Payments not due and recalls undetected by internal control represent one fifth of work incentive (prime d'activité) and one sixth of RSA paid.</p> <p>In this respect, deploying the "monthly resource system" could result in a milestone being achieved in the reliability of data used for awarding benefits.</p> <p>In addition, definitive errors on internal CAF operations have continued at a high level (1.65% of the amount of legal benefits, i.e. €1.2B).</p>	<p>The Cour des comptes certifies the 2019 financial statements of the family branch (CAF) with three qualifications and those of CNAF with two qualifications</p> <p>Limitations or discrepancies for the 2019 combined accounts of the family branch involve:</p> <ul style="list-style-type: none"> the internal control system, which does not provide sufficient cover for all financial risks to which the family branch is exposed. significant financial errors that affect the correct and due payment of legal benefits: the work incentive (prime d'activité), the income support (revenue de solidarité active) and housing benefits due to uncorrected errors in declarative data and specific fund operations. for extra-legal social welfare benefits, the weaknesses of internal control.
Retirement branch and CNAV	<p>2019 expenses: €139.5B</p> <p>In 2019, the retirement branch set out a new plan for supervising authorisation activities, improved the selection of cases for checking and continued the work to transform the career data repository.</p> <p>However, definitive errors that affect pension benefits have continued to increase. Thus, in 2019 more than one newly allocated or revised pension in seven contained at least one financial error, whether beneficial or detrimental to the beneficiary. In several branches, this proportion was one pension in five.</p> <p>Between 2016 and 2019, the frequency of definitive errors increased by a third and their financial incidence doubled (up from 0.9% to 1.8% of the amount of newly paid benefits).</p> <p>The errors that occurred in 2019 and which were not found and corrected ex-post will have a cumulative financial impact of €1.1B, as opposed to €0.8B for those of the previous year. The deployment of the single career management repository (RGCU) and the career regularisation system (SYRCA) could meet a milestone in the reliability of career data considered in allocating pensions.</p>	<p>The Cour des comptes certifies the 2019 accounts of the retirement branch with three qualifications and of CNAV with two qualifications</p> <p>Limitations or discrepancies for the financial year 2019 combined accounts of the retirement branch involve:</p> <ul style="list-style-type: none"> weaknesses of internal control and insufficient reliability of data received from social security partners which limit the reliability of pensions paid; an increasing proportion of newly allocated pension benefits (and legal revisions) subject to significant financial errors affecting the correct and due payment; inadequately reliable declarative salary data and equivalent employment periods reported in the career summaries of insured individuals accessing pension entitlements.

The Cour des comptes position on the financial statements for the years 2006 to 2019

	Certification (with 1 or 2 qualifications)
	Certification (with 3 or 4 qualifications)
	Certification (with 5 or more qualifications)
	Adverse opinion/refusal (number of reasons)
	Disclaimer of opinion/impossibility

	Sickness branch	Branch AT-MP	Family branch	Retirement branch	Collection	CNAM	CNAF	CNAV	ACOSS
2006	Certification (7)	Certification (4)	Impossibilité	Certification (7)	Certification (3)	Certification (3)	Impossibilité	Certification (7)	Certification (1)
2007	Certification (9)	Certification (5)	Impossibilité	Certification (4)	Refus (11)	Certification (4)	Impossibilité	Certification (4)	Refus (3)
2008	Certification (7)	Certification (2)	Refus (7)	Refus (9)	Certification (10)	Certification (2)	Refus (2)	Refus (2)	Certification (2)
2009	Certification (6)	Certification (3)	Certification (7)	Refus (7)	Certification (5)	Certification (2)	Certification (4)	Refus (2)	Certification (2)
2010	Certification (6)	Refus (3)	Certification (5)	Certification (7)	Certification (9)	Certification (1)	Certification (3)	Certification (2)	Certification (3)
2011	Certification (5)	Refus (5)	Refus (6)	Certification (6)	Certification (8)	Certification (3)	Refus (3)	Certification (3)	Certification (3)
2012	Certification (4)	Impossibilité	Certification (4)	Certification (6)	Certification (6)	Certification (3)	Certification (2)	Certification (3)	Certification (3)
2013	Certification (4)	Certification (5)	Certification (6)	Certification (4)	Certification (4)	Certification (2)	Certification (3)	Certification (2)	Certification (3)
2014	Certification (4)	Certification (5)	Certification (6)	Certification (4)	Certification (4)	Certification (2)	Certification (3)	Certification (2)	Certification (3)
2015	Certification (5)	Certification (6)	Certification (4)	Certification (4)	Certification (4)	Certification (3)	Certification (2)	Certification (2)	Certification (3)
2016	Certification (6)	Certification (6)	Certification (3)	Certification (3)	Certification (4)	Certification (3)	Certification (2)	Certification (2)	Certification (2)
2017	Certification (5)	Certification (6)	Certification (3)	Certification (3)	Certification (3)	Certification (2)	Certification (2)	Certification (2)	Certification (2)
2018	Certification (5)	Certification (6)	Certification (3)	Certification (3)	Certification (3)	Certification (3)	Certification (2)	Certification (2)	Certification (2)
2019	Certification (5)	Certification (5)	Certification (3)	Certification (3)	Certification (4)	Certification (2)	Certification (2)	Certification (2)	Certification (2)