



## THE FRENCH STATE'S USE OF INTELLECTUAL SERVICES PROVIDED BY CONSULTANCY FIRMS

*This report is the first to be published by the Court of Accounts following the citizen consultation platform launched in 2022 (<https://participationcitoyenne.ccomptes.fr/>).*

*The second citizen participation campaign will run from Wednesday, 6 September to Friday, 6 October 2023 and will be extended to the regional and territorial chambers of accounts (CRTCs).*

**To fulfil their assignments, the State and its public agencies appoint private firms under public contracts to support their own departments and provide generally ad hoc and highly technical services. Nearly three quarters of the €890 million paid by the State for this purpose in 2021 was in connection with outsourced IT services. The other assignments commissioned, which are the subject of this report, concern consultancy services. Unlike their predecessors, consultancy services have a necessarily intellectual dimension in the form of research, design, support and assistance with the implementation of projects. At the request of the Senate Finance Committee, the Court devoted a report to this subject in 2015, in which it made recommendations to correct a number of shortcomings. A number of observations made at the time are still valid today. While some progress has been made over the last decade, the most significant advances have been made only very recently, under the pressure of current events. The Prime Minister's January 2022 circular introduced greater consistency. However, the procedures implementing the proposed policy still need to be completed and their application verified.**

### **Imperfect knowledge of the reality and the issues at stake**

It is still difficult to get a precise idea of the level of use of intellectual services and how this has changed over time. This is partly due to the lack of suitability of the State's accounting standards and expenditure monitoring tools. It is also not possible to obtain reliable data as there is no precise, common definition of the different types of advisory services, the practices employed vary enormously and there are differing interpretations of the nomenclatures used. The definition of the scope and procedures for handling consultancy assignments must therefore be clarified and the monitoring system improved. Furthermore, consultancy costs incurred by operators who play a major role in implementing public policy are not tracked in the same way as those incurred by the ministries. While taking into account the specific legal status of these entities, work to harmonise the protocols in this respect should be undertaken, which would also enable data to be consolidated.

### **Poor interministerial management**

Outsourcing can be a useful solution for preparing and implementing certain aspects of public policy. However, the practice has led to inappropriate use of consultancy assignments. The Prime Minister's

January 2022 circular sought to introduce greater consistency. Despite the significant improvements they bring, these guidelines are not all operational in nature. They need to be supplemented, in particular by specifying the circumstances in which the use of a consultancy service offers added value. The circular has put in place a strengthened framework that incorporates most of the recommendations made by the Court in 2015 and by recent parliamentary reports. However, these new provisions require clear and coherent interministerial organisation, offering managers greater guarantees of flexibility, security and predictability, and those in charge sufficient capacity for monitoring, guidance and arbitration. In particular, the division of responsibilities for guidance and monitoring and the practical arrangements for coordination between the State Purchasing Directorate (DAE) and the Interministerial Directorate for Public Transformation (DITP), both of which have interdepartmental responsibilities for the use of consulting firms, need to be clarified, so that the use of external service providers is subject to a truly unified managerial system.

### **Consulting contracts are often poorly managed**

In the public sector, there is often a lack of prior definition of requirements which would serve to ensure that operations are properly managed, consultancy contracts are prepared and negotiated, and support for assignments is provided under satisfactory conditions. Loss of expertise or experience, as well as inadequate identification of available in-house resources, are leading ministries and, to a lesser extent, public agencies to turn to outside consultants. The State needs to equip itself with the means to ensure that assignments hitherto entrusted to private consultancy firms are gradually carried out by internal resources or alternative, more appropriate and less costly means provided for under existing arrangements. In addition, government agencies have made very extensive use of framework agreements, which are an easy solution, sometimes to the detriment of the precision required in defining the agencies' needs. The decision was made to implement the framework agreements by issuing simple purchase orders, rather than through the awarding of contracts under the framework agreement in question, so-called "subsequent contracts". However, this decision to execute framework agreements using simple purchase orders, which was not necessary given that the majority of operations were not urgent, has had harmful consequences. In many cases, the service provided did not meet the needs involved – which also results in additional costs.

The Court's audit of more than a hundred consultancy contracts awarded and purchase orders issued between 2019 and 2022 has revealed excessive use of certain procedures or facilities, an insufficient level of precision, and a lack of adherence to financial envelopes and deadlines. The Court conducted its investigation into each of these contracts with a view to assessing, without adversely affecting any follow-up action that might be taken elsewhere, whether the anomalies found were cases that could constitute infringements punishable by the financial courts.

**[Read the report](#)**

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