COUR DES COMPTES

# Annual Public Report

2014

## Summaries

## Part II

# Progress

**The Court has observed evidence of progress**
**The Court reiterates**
**The Court issues a warning**

## Disclaimer

Summaries are intended to facilitate the understanding and use of the report produced by the Cour des comptes. Solely the original report is legally binding on the Cour des comptes. The responses of administrations and other bodies concerned are included in the report.

# Introduction

**The 2014 annual public report** produced by the Cour des comptes comprises three parts, only the first two of which have corresponding summaries :

- **Part I** which comprises two volumes (I-1 and I-2), outlines the **observations and recommendations** drawn from a selection of audits, surveys and evaluations carried out in 2013 by the Court, regional and territorial courts of accounts, or the Court in conjunction with regional and territorial courts of accounts;

- **Part II** focuses exclusively **on the actions** taken by the authorities, administrations and other audited bodies following the observations and recommendations made in previous years;

- **Part III** provides an overview of the **activities** of the Court and the regional and territorial courts of accounts over the course of 2013.

The annual report produced by the *Cour de discipline Budgétaire et Financière* (French 'Budget and Finance Disciplinary Court') is attached as an appendix to these three parts of the report.

**The present instalment comprises a series of summaries of the 13 texts that make up Part I, 'Progress'.**

**These 13 texts are divided into** three categories, represented by a specific
colour to reflect the level of implementation observed:

- **first part (green): the Court has observed evidence of progress (2);**

- **second part (orange): the Court reiterates the importance of taking action (9);**

- **third part (red): the Court issues a warning (2).**

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# Chapter I

# The Court has observed evidence of progress

# 1 Traffic and parking fines: progress in administration

## Modernised and more efficient administration of more numerous fines

In 2010, the Court observed that the State had only approximate data on traffic and parking fines, mostly implemented on paper using «fine stamps». The near-generalisation of electronic offence recording in June 2012 for the police and gendarmes now means that the whole procedure can be traced, including cancellations, and secured: the agreement of the public prosecutor's office is required to cancel an offence notification. However, the municipal police are only gradually adopting this and «fine stamps» still represent around 40% of the fines given in 2012, although the faults of this system have only been marginally corrected.

Combined with the use of new radars, electronic offence recording has led to a great increase in the number of fines issued by the automated system.

The total number of fines increased from 35 million in 2010 to approximately 39 million in 2012. Over the same period, income from fines also increased by nearly 10%, reaching €1.62 billion, in spite of the slight drop in the overall payment rate, which decreased from 80.9% in 2010 to 78.7% in 2012. The work of both administrative and enforcement officers was reduced and the share of fines subject to disputes decreased.

## Room for improvement in the automated system

The radars do not function at 100% of their capacity and not all the offence messages passing through the national processing centre in Rennes are followed by the issuance of an offence notification. The causes of this are mainly technical (unusable photos) or due to the impossibility of pursuing the matter (registration numbers not recognised by the vehicle registration system and foreign registration numbers). In 2013, only 61.5% of all offence messages resulted in offence notifications, but 76.5% for only those messages concerning vehicles registered in France. Concerning the rate of «waste» violations collected by electronic offence recording, it did not exceed 8% in 2012, but reached 15% in Paris. This is explained by human errors or lack of response from the vehicle registration system.

Also, numerous vehicle owners do not update their vehicle registration documents when they change addresses, even though this is obligatory, and do not receive the offence notification and therefore the fixed-fee fine nor the increased fixed-fee fine. This is the case

for 7% of offence notifications. This situation leads to unequal treatment between offenders, reduces public income and increases administration costs.

## Poorly coordinated agents and public prosecution officials subject to little control

Alongside the traditional agents which are the police and municipal police, the legal system and the public finance departments, the national agency for the automated processing of offences (*agence nationale de traitement automatisé des infractions*), created in 2011, plays a key role through its proficiency in information systems. Improving the automated system requires better coordination of the numerous players concerned and increased commitment by the State supervisory authority.

The situation of public prosecution officials, police civil servants responsible for the exercise of public policy by delegation from the public prosecutor, remains ambiguous. The secured procedure for cancelling an offence under their control and, more broadly, the increase in the number of fines, give them a crucial role. It is therefore important to ensure the quality and consistency of their policy decisions concerning penalties, which does not currently compare rates of cases dropped without any known justification, which vary from one officer to another. The public prosecutors only exceptionally check the actions of the public prosecution officials.

In Paris, where a fifth of the offences are issued, we found a significant drop in cancellations, which are now clearly the responsibility of the public prosecution official. These decreased from 18% in 2007 (nearly one million fines cancelled) to 5% in 2012 (a little less than 300,000). However, the public prosecution official still receives requests for «leniency» from the office of the Chief of Police, although these are not many in number: around one thousand per year.

The recent law on the modernisation of public policy in the regions and large cities specified that parking offences would no longer be subject to fines. Additional public expenditure may result if the current automated system is not used for managing «post-parking fixed fees» as of 2016.

## Recommendations

The Court issues the following new recommendations:

➔generalise the use of electronic offence recording by the municipal police forces;

➔improve the rate of reliability of radars;

➔continue increasing the reliability of the vehicle registration system and increase the number of foreign drivers subject to penalties for offences;

➔concerning changes of address for owners of vehicle registration documents, run an information campaign to the public reminding them of their obligation to declare changes of address and the penalties if they do not;

➔concerning electronic offence recording, analyse the causes of agent errors and train them to reduce these;

➔fully establish the role of the Inter-ministerial Delegate for Road Safety and Traffic (délégué interministériel à la sécurité et à la circulation routières) in the inter-ministerial administration of fines;

➔request public prosecutors to regularly check the activity of the public prosecution officials for which they are responsible and to ensure that their practices are consistent.

# 2 The supplementary pension scheme for teachers in private institutions under contract: an energetic recovery to be consolidated

## An advantageous specific scheme with a currently very worrying financial situation

This obligatory supplementary scheme was created in 2005 in application of the principle of parity set out by the «Guermeur» law of 1977. It aims to fill the gap that is assumed to exist between the pensions of teachers in public sector schools and those in private institutions under contract by paying additional pension contributions to the latter, which were on average €145 per month since 2005.

Financed by the State and the teachers concerned, this regime was put in place under conditions that were highly favourable for its beneficiaries. The impact of the specific contribution required of the latter was neutralised by the reduction of the health insurance contribution under highly debatable conditions, resulting in the absence of any real contribution on their part. Free entitlements were assigned to them for periods prior to the creation of the scheme. The increase in uptake of the scheme, initially planned over 25 years, was accelerated and brought down to 15 years.

In a summary ruling on 1 August 2012, the Court called the attention of the ministries concerned to the structural imbalance which resulted from these unfunded commitments. Following on from a first deficit in 2012, the reserves would be completely exhausted by 2019, with the consequence being the termination of the payment of pensions of teachers already in retirement and the impossibility of honouring entitlements acquired by those still working.

## Rapid and energetic reform

Directly following on from this summary ruling, a decree of 18 February 2013 substantially adjusted the parameters of the scheme, an effort that was borne by pensioners, contributors and the State: supplementary pensions already allocated were frozen over a forecast period of 18 years, the amount of those for new beneficiaries was frozen at 8% of the total of other pensions, limits were applied for new

pensioners on the amount provided pursuant to free entitlements, the overall contribution rate was increased by a third and shared equally between the State and teachers.

These provisions pushed back the forecast date when reserves would be exhausted from 2019 to 2030. However, they do not ensure that the scheme will last over the long term. Further effort will be essential.

## Persistent uncertainties concerning the reality of pension differences

The Court had found that the average pension difference of 20%, generally put forward to the detriment of teachers in the private sector and which was the reason behind the creation of the scheme, was not based on a complete and accurate examination of the real differences in pensions with teachers in the public sector. It recommended proceeding with this examination.

Only the preliminary work was undertaken. Based on the study of only six situations, it called into question the reality of this difference of 20%, even showing situations of «overcompensation» for certain teachers in the private sector.

In order to properly administer this scheme to ensure its recovery beyond 2030, it is essential to quickly complete a more comprehensive analysis.

# Recommendations

The Court issues the following recommendations:

➔establish, according to a rigorous methodology, a comparison of the average pensions of teachers in the public sector and contracted teachers in the private sector who have had equivalent careers;

➔draw conclusions concerning adequate levels of supplementary pension.

# Chapter II

# The Court reiterates

# 1 French Southern and Antarctic Territories (TAAF): a clarification to be continued

The French Southern and Antarctic Territories (TAAF - *Terres australes et antarctiques françaises*) are an overseas territory with no permanent inhabitants composed of part of the Antarctic continent and islands in the Southern Ocean or close to Madagascar. Its main administrative activity is handling logistics (transport, energy, infrastructure, housing, catering and medical equipment) for the French presence in these regions. It is responsible for the management of the nature reserve created in 2006. It carries out various other functions (managing and controlling fishing rights, issuing stamps and providing tourists services to cruise liners).

In 2011, the territory had a budget of €25.4 million. The administrative headquarters of the TAAF has been located in Saint-Pierre de La Réunion since 2000.

The Court, publishing a legal judgement in the 2006 annual public report, made several observations and recommendations concerning its administration. It highlighted the inappropriateness of the statutory framework, with general competence in the texts, but specialised competence in reality (logistics). It drew attention to a financial situation that was increasingly compromised. It highlighted the unclear division of duties between the TAAF and the Institut Paul-Émile Victor (IPEV).

## The status was modernised, but it remains imperfect

Concerning the status, the law of 21 February 2007 and its implementing decree of 11 September 2008 confirmed that the TAAF «form an overseas territory with status as a legal entity and administrative and financial autonomy» and therefore benefit from the special legislative regime(1). These texts nevertheless specify that in several areas, French legislative and regulatory provisions are applicable as of right, which provides a more stable legal framework.

Governance has been modernised, but it continues to suffer from certain difficulties. The advisory board is consulted on the budget, but not on the administrative account and the accountant's management account. The senior administrator himself/herself sets the nature and amount of territorial taxes collected. The financial rules have little detail and the system does not provide

(1) The principle of legislative speciality means that only the legislative and regulatory provisions expressly mentioning application to this territory are directly applicable.

all the guarantees that would be desirable.

## The financial situation, which was worrying in 2005, has consolidated.

Own resources continue to represent the main source of funding for the territory (75% in 2011). These are mainly paid services for chartering the ship *Marion Dufresne II* and fishing duties. Other income (philately and tourist products) is tending to stagnate or reduce. In tourist matters, greater rigour has nevertheless been applied in applying pricing for embarked passengers.

Concerning expenses, operating costs increased by a little more than 2% per year since 2004, a rate below that of inflation. In particular, they include the payments made for the ships (€13.5 million in total). The salaries, allowances and social security charges paid by the territory represent the second largest expenditure item. The annual rate of investments made by the TAAF has dropped sharply.

The administration of the TAAF regularly shows positive results, except in 2008.

## Logistics could be better managed

The ships responsible for logistics are the *Marion Dufresne II*(2) (for the sub-Antarctic islands), the*Astrolabe* (for Adélie Land) and La *Curieuse* (used in the summer in the Kerguelen Islands). The ship *Osiris*, subsidised by the TAAF, monitors and controls fishing.

The Court had criticised the cost and complexity of the system for purchasing and operating the ship *Marion Dufresne II*. An effort has since been made to reduce costs, particularly by renegotiating operating expenses. For this ship, which was commissioned in 1995, the question of its extended use or renewal will be raised. It is indispensable for two principles to be respected in future: firstly, the clarification of the legal structure, which would allow greater transparency in the accounts of the TAAF and better knowledge of the financial risks that are actually incurred, and the use of open competition for the services that are expected, including chartering conditions.

Lastly, the Court stressed the requirement to stabilise and clarify the division of competence between the TAAF and the Institut Paul-Émile Victor (IPEV)(3). Their relationships are governed by an agreement that was renewed in 2006. The financial relationships

(2) This is a multi-use ship: a highly sophisticated oceanographic ship, a small liner for 110 persons, a cargo vessel that can transport 4,000 tonnes of goods, an oil tanker with a capacity of 1,600 $m^3$ and a helicopter carrier.

nevertheless remain a labyrinth due to numerous exceptions and specific clauses. The synergy in the activities of these organisations suggests that possibilities for resource sharing between them should be more systematically examined.

## Recommendations

While noting the progress achieved, the Court issues the following recommendations:

➔ continue adapting the status of the TAAF, specifying the applicable financial regulations, particularly in matters of public contracts, and strengthening the role of the advisory board;

➔ in logistical matters, proceed with legal clarification and put service providers into open competition; list and implement the options for resource sharing between the TAAF and the IPEV.

(3) This organisation, created in 1992 under the name of the French Institute for Polar Research and Technology (IFRTP - *Institut français pour la recherche et la technologie polaire*) is a public interest group bringing together nine organisations, including the CNRS and the Ministry of Research and the Ministry of Foreign Affairs. It implements scientific programmes in the polar

# 2 Management of household waste: unequal progress regarding environmental issues

In the thematic public report of September 2011 devoted to the management of household waste, the Cour des comptes and the regional Cour des comptes issued 30 recommendations covering regional organisation, the knowledge of costs and measurement of performance and funding modes.

Three years later, they observe positive results in preventing the production of waste and controlling costs but persistent shortcomings in organisation, the creation of «outlets» (facilities receiving waste) and pricing procedures.

## Generally positive developments

### *To meet new environmental requirements…*

These requirements resulted mainly from European directives (including that of 19 November 2008, which set the objective of recycling 50% of household waste by 2020), transposed into the French environmental code (*code de l'environnement*).

The national action plan for waste 2009-2012, stemming from the Grenelle Environment Forums I and II of 2009 and 2010, determined several objectives:

- reduce the production of household waste by 7% between 2009 and 2013;
- bring material and organic recycling to 45% in 2015;
- reduce the quantities of waste incinerated and stored by 15% between 2009 and 2012;
- double the capacity for the biological recycling of household waste between 2009 and 2015.

Following the Environmental Conference of September 2013, a new waste plan must be established for 2014-2020. It will set new objectives, particularly for the reduction by half of landfill waste during the period 2010-2020 and increasing rates of recycling.

*…progress has been made in matters of waste production, cost control, incentive pricing and policy planning.*

### *Prevention*

With 288 kg of residual household waste per inhabitant and per year in 2011, French production of household waste diminished significantly from 2005, when it reached 326 kg, after having regularly increased since 1960. However, France remains above the European Union average.

### *Costs*

In 2011, the Court noted that the costs for managing household waste were «structurally increasing and insufficiently controlled».

Faced with the difficulty of measuring these, it recommended giving local authorities the means of carrying out reliable cost analyses, firstly by setting up an obligatory ancillary budget for local authorities and secondly, by generalising a cost accounting tool.

Such tools are still absent. However, the latest studies reveal a stabilisation of costs per tonne collected, even a drop in euros per inhabitant.

### *Incentive pricing*

Incentive pricing is a contribution to the funding of the service, for which the amount required of users varies according to actual use of the service. It may now apply both to the charge and to the tax for the removal of household waste. Nevertheless, only 6.5% of the French population is currently covered by such pricing, although the law of 3 August 2009 imposed generalisation of incentive pricing by 2014.

### *The strengthening of departmental planning*

To make the planning more operational, several recommendations covering the content of departmental non-dangerous waste management plans and their implementation and monitoring were introduced in the environmental code. The role of prefects nevertheless remains limited, even though they may now determine the departmental plan in case the competent departmental councils fail to do so.

## Persistent shortcomings

### *The institutional framework remains uncertain*

Both in terms of the definition of certain competences, such as the management of «same category» waste produced by companies or the exercise of preventive duties, uncertainties remain and the regional organisation is changing only very slowly.

### *Analysis of costs and performance must still be improved*

In 2011, the Court issued recommendations aiming to specify the obligations of local authorities concerning costs and management indicators for the public waste disposal service, whatever the mode of operation of this service. These recommendations have not currently been written into the texts, but some effort has been made in certain local authorities.

The roadmap for the ecological transition, resulting from the Environmental Conference of September 2013, strengthened this policy, stressing the requirement to improve information to citizens on

costs, particularly in the annual reports on the management of waste.

### *A major difficulty remains: the lack of outlets*

The management of household waste remains marked by the persistent difficulty in establishing local facilities when treatment capacity is insufficient. This may lead to waste being transported, sometimes over long distances, towards final treatment sites.

According to the projections of the ADEME, national autonomy could be ensured until 2022, but the situation could seriously worsen from 2025 if new projects do not appear in the very near future.

The implementation of plans continues to be opposed by elected representatives and local residents, and there is no consensus concerning the location of projects. The role of the prefect, who delivers permits to create classified facilities, should be strengthened and the tax system should be better used, with the increase in the General Tax on Polluting Activities (TGAP - *taxe générale sur les activités polluantes*) applied to the transport of waste beyond a certain distance.

### *The funding mechanisms are still inadequate*

The mode of financing the public service, divided between the tax and the charge for removing household waste, has consequences for its organisational procedures.

The charge implies running a balanced ancillary budget, with all costs being covered by resources dedicated to the service. It leads to the application of the commercial and industrial public service regime. On the contrary, the result of applying the tax, which is fiscal income, is management in the form of an administrative public service.

This dichotomy does not favour the application of incentive pricing that meets the environmental objectives and the principle that the polluter pays.

The Court can only stress the necessity of bringing the tax and charge regimes into coherence, setting up incentive mechanisms both for the tax and the charge, and generalising the special charge on waste from companies.

# Recommendations

The Court and the regional court issue the following updated recommendations:

*For the State:*

➔determine the appropriate scale for planning (region or department) and treating (department, public-private entity) and make the plans mandatory after approval by the stakeholders;

➔strengthen the role of the prefects in checking and monitoring plans, which will have become mandatory, and consolidate this role in terms of the authorisation and control of facilities necessary to applying the principle of proximity;

➔rapidly define, by decree, the procedures for «same category» waste acceptance by the public service and generalise collection of the special charge from companies;

➔promote the fight against the lack of outlets by adjusting the General Tax on Polluting Activities (TGAP);

➔make the ancillary waste budget obligatory, whatever the funding mode, and the generalisation of cost accounting for waste;

➔in public service financing matters, make the administration modes coherent, which are currently divided between the commercial and industrial public service, financed by the charge, and the administrative public service, financed by the tax, notably to promote the development of incentive mechanisms.

*For the State, the ADEME and the local authorities:*

➔encourage the local authorities to establish an incentive share in the financing of the household waste public management service;

➔pursue the extension of the cost monitoring process implemented by the ADEME.

# 3 The Plaine de l'Ain industrial estate public-private entity: a reform to be extended

The Plaine de l'Ain public-private entity, which became the Plaine de l'Ain industrial estate public-private entity in 2013, was created in 1974 to develop, market and administer the «Plaine de l'Ain industrial estate», a 900 hectare industrial estate near the Lyon Agglomeration.

## An industrial estate resulting from a more ambitious development project

The initial project, which was intended to create a new town on the Lyon-Geneva route and allow the relocation of the Lyon chemical industry, was abandoned at the beginning of the 1970s, in the context of the 1973 oil shock and the economic crisis that followed. Only a vast industrial estate, entirely located within the territory of three rural communes of the Ain department, was finally developed.

## A statutory reorganisation finally carried out

In 2007, the Rhône-Alpes regional Cour des comptes noted malfunctions in the governance and management of the public-private entity. However, it did not manage to implement the necessary reforms.

A new inspection by the regional Cour des comptes for Auvergne-Rhône-Alpes, carried out in 2012, led to a reform of the by-laws at short notice.

The structure of the public-private entity was simplified. The public-private entity only has four members, although there were seventeen until then: the Ain department (which holds 50% of the votes on the entity's committee and must contribute 50% of its operating budget), the Plaine de l'Ain community of municipalities (42%), the Rhône-Alpes region and the Lyon urban community (4% each).

The creation of an ancillary budget devoted to the development made it possible to better identify the entity's real expenses.

## A development strategy to be reconsidered

Faced with an unfavourable economic situation, the public-private entity was able to reorient its activity, particularly with the creation of a business incubator.

However, it did not wish to adjust its development strategy, which has limits: the income related to the activity of the public-private entity stood at €1.5 million in 2011, against €13 mil-

lion in 2007, for operating expenses of around €1.8 million per year.

Although the main financers of the public-private entity, the Ain department and the Plaine de l'Ain community of municipalities, possess resources that can help it through a difficult economic situation, it is still not certain whether the structure is sustainable.

## Recommendations

The Court and the regional Cour des comptes recommend that the public-private entity:

➔oversees the effectiveness of the functioning procedures resulting from its new by-laws;

➔adopt a planning and development strategy for the industrial estate that is appropriate to the economic context and the prospects for selling land.

# 4 The organisation of international adoption in France: a reform to be continued

In its 2009 annual public report, the Court presented the institutional organisation and interconnection of the organisations responsible for international adoption in France, together with their weaknesses. It recommended improving the public administration of the French system for international adoption and modernising the framework for action for all operators.

Monitoring the implementation of these recommendations, which was supplemented by an inspection over the 2010-2012 period of the administration of the French Adoption Agency (AFA - *agence française de l'adoption*), the public operator created in 2005, demonstrates that the reforms are still insufficient and must be continued.

## Changes to the context of international adoption

There has been a significant drop in adoption proposals: in 2012, 1,569 international adoptions took place, i.e. half as many as in 2009. In addition, the children proposed for adoption frequently have the profile of children with specific needs (children aged 5 years and more, siblings, or children with a pathology). Lastly, the authorised adoption organisations remain the largely predominant players as they arrange nearly half of adoptions.

## Insufficient supervision of authorised organisations

Administration of the international adoption system was improved with the creation of a central authority within the meaning of the Hague Convention and with the addition of consular positions, which now rely on an expanded network of adoption volunteers.

Moreover, inspection of the authorised organisations has also contributed to reducing the number of approved organisations to 34, i.e. a fifth fewer than in 2009. Nevertheless, the players do not share many of their resources: common projects are often ad hoc in nature. The period of authorisation remains unlimited and the multiplicity of authorisations for a given country remains, including when the AFA has a presence there, which creates a competition effect between French operators.

Neither has a genuine model account for adoption fees been successfully finalised; the central authority still uses the same model as in 2009. It is therefore still not possible to compare the services of authorised organisations, and transactions carried out abroad are still not included in the accounts. The costs of an adoption by the public agency can only be estimated; the agency does not know the complete overall cost of its adoption support service.

# The organisation of international adoption in France

## The predominant position of support within the agency

The drop, by half in three years, in the number of adoptions arranged through it has led the agency to reorient its actions towards support. It organises the network of international adoption correspondents in the services within departments. It has increased its support to families who have adopted, or who are just about to adopt, by providing information and advice; the value added by its foreign network is nevertheless limited to the 11 countries in which it is established.

## The agency's results need to be improved

An agreement on objectives and administration, associated with performance indicators, was concluded with the agency, but its objectives were not met. The French Adoption Agency remains a third choice, after individual adoption and the use of an authorised organisation. It represented fewer than 20% of international adoptions in 2012.

The agency's process of examining adoption applications leads to long waiting lists and raises false hopes. Those who finally manage to adopt wait between 4.5 and 6 years. In 2012, 6,579 cases were ongoing, including 1,139 new applications; 304 adoptions took place, the majority of which included children with specific needs.

# Recommendations

The Court reiterates or issues the following recommendations:

*For the central adoption authority:*

➔ improve inspections and limit the authorisation period of authorised organisations for international adoption;

➔ ensure that adoption fees are genuinely transparent, both for authorised organisations and for the French Adoption Agency, which would allow the real cost of an adoption to be known and allow comparison of the content of services;

*For the French Adoption Agency:*

➔ continue improving the agency's efficiency;

*For the agency's supervisory authorities :*

➔ perform a study on the duties and intervention procedures for the French Adoption Agency, as part of a broader examination of international adoption in France and the general economy of its organisation.

# 5 The public interest group «Enfance en Danger» (GIPED): duties insufficiently performed

Created by the law of 5 March 2007 reforming child protection, the GIPED combines the National Hotline Service for Children in Danger (SNATED - *Service d'accueil enfance en danger*) and the National Observatory of Children in Danger (ONED - *Observatoire national de l'enfance en danger*).

In its 2009 thematic public report on child protection, the Court observed that, in spite of a clear necessity, the GIPED remained «only halfway there». It raised the question of redefining its duties and its resources.

The inspection carried out in 2013 showed that, in spite of the progress achieved since 2009, the duties of the GIPED could be better performed and its results could be improved.

## Making the hotline service more efficient

The SNATED is responsible for answering telephone calls to the free emergency number 119, representing about one million calls per year. Its role is to direct the calls to other services better able to respond to the caller's request or, if worrying information is received, to inform the services in the department in question so that a local enquiry can be carried out.

The organisation of the pre-acceptance screening, assigned to a specialist company, and that of the call centre, are showing that the service is gradually becoming more professional.

Nevertheless, in 2012, only 57% of calls received were actually taken; only 5% of these were actually handled by the team of specialist listeners, composed of social workers and psychologists. These disappointing results are explained, according to the SNATED, by the large number of calls that «do not correspond to the duties of the public interest group», which are eliminated by the pre-acceptance screening.

An in-depth technical appraisal should be carried out to verify this data and understand why so many calls are eliminated by the pre-acceptance screening. Likewise, as the main cause of the low rate of calls being taken is related to the actual presence of professional listeners at the call centre, the actual working time of the listeners should be better controlled, the aim being to improve adaptation to the requirements of the call centre.

# The public interest group «Enfance en Danger» (GIPED)

## A national observatory with insufficient results

The duties of the ONED are:

- to collect and analyse data from the State (DREES, Ministry of Justice), the departments (which have the responsibility of listing children benefiting from protective measures within their scope), institutions and associations;

- for making this various data coherent;

- for improving knowledge of mistreatment phenomena.

The performance of the ONED can still be improved in all three of these areas.

The collection and analysis of data depends on the definition of the concept of worrying information, which was the subject of a decree of 7 November 2013. Much work is still therefore needed to stabilise the scope of observation of the population managed in the child protection system.

Accounting methods must be harmonised, analysis deadlines shortened and trajectories on exit from the systems should be better understood.

The activities of the departmental network of observatories and of all players in the child protection organisation should be better organised.

Lastly, the synergies between the two services which constitute the GIPED, – the SNATED and the ONED –, could do with being developed.

# Recommendations

The Court issues the following recommendations:

*For the SNATED:*

➔carry out an audit of the internal and external causes (inappropriate calls) of the flow of calls not taken or handled;

➔establish control of the working time of the listeners in the centre;

*For the ONED:*

➔quickly take into account the consequences of the decree of 7 November 2013 to ensure the report of coherent, comprehensive and consistent statistics on the population of protected children;

➔improve the dissemination of best practices with regard to child-protection;

➔improve the assessment work on the trajectory followed by protected children, including after leaving the protective arrangements.

# 6 Pôle Emploi: progress to be intensified in the fight against unemployment benefit fraud

The amount of fraud detected by Pôle Emploi (French National Employment Agency) concerning unemployment benefits has rapidly increased over recent years, going from €22.9 million in 2009 (including €9.2 million of loss suffered corresponding to amounts already paid) to €76.3 million in 2012 (including €39.3 million of loss suffered).

Independently of changes to fraudulent behaviour, both the increase in the total amount of benefits paid in the context of economic crisis (+12% for unemployment benefits between 2009 and 2012) and the improvement in tools for fighting fraud contribute to explaining this increase in fraud detection.

## The improvement in resources for fighting fraud

Undertaken in the 2000s by UNEDIC, mainly to combat large-scale «network» fraud, the fraud prevention and fighting policy has intensified over the last few years thanks to better risk identification, more diverse tools for combating fraud and improved cooperation with Pôle Emploi partners, particularly at local level.

Other than providing training and instruction on the fight against fraud to Pôle Emploi advisers responsible for the payment of entitlements, the essential factors in the increased number of fraud cases detected were the use of tools for detecting anomalies in Pôle Emploi's databases and the development of reporting, by external organisations, of cases presumed to be fraudulent (more than 15,000 per year). The cooperation with the social security organisations and, more generally, with the members of the Anti-Fraud Departmental Operations Committee (CODAF - *comités opérationnels départementaux anti-fraude*) constitutes important progress.

## Fresh impetus

Pôle Emploi's policy on preventing and fighting fraud could be improved if the 130 internal auditors responsible for combating fraud had the right with communicate to third parties identical to that of their counterparts in the social security organisations, and if the advisers responsible for paying unemployment benefits were able to consult the Joint National Social Protection Register (RNCPS - *répertoire national commun de la protection sociale*).

Furthermore, the use of the pre-hiring declaration, then the Nominative Social Declaration (DSN - *déclaration sociale nominative*) when this becomes

generalised (as of 2016) should improve the detection of situations where employment is resumed but not declared and declarations of activity and income are falsified.

In the meantime, the use of profiling techniques should be able to improve the assessment of fraud risks and draw conclusions in terms of targeting inspections.

Lastly, penalties for fraud would be more effective if they were quicker, more frequent and brought more to the attention of those seeking employment and employers. To this end, the responsibility for administrative penalties, currently exercised by prefects, could be transferred to Pôle Emploi, and the rate of cases referred to the criminal courts could be increased, given the increase in the number of fraudulent cases detected.

## Recommendations

The Court re-emphasises two recommendations already issued in 2010 to the attention of the public authorities and Pôle Emploi:

➔grant a right to communicate with third parties identical to that of the agents in the social security organisations to the Pôle Emploi internal auditors of specialised in fighting fraud;

➔grant Pôle Emploi the prerogatives currently exercised by the prefects covering administrative penalties in case of fraud concerning unemployment benefits (by modifying articles L. 5426-2 and following of the French employment code (*code du travail*)).

The Court adds the following recommendations for the attention of Pôle Emploi:

➔increase the referral rates of cases to the criminal courts, given the increase in the number of cases of fraud detected;

➔give greater publicity to the penalties applicable in case of fraud to those seeking employment and to employers;

➔make it possible for all Pôle Emploi agents responsible for paying benefits to consult the Joint National Social Protection Register (RNCPS).

# 7 Compensation for asbestos victims: priorities to be better targeted

Asbestos was widely used in our country in a large variety of jobs until it was – eventually – prohibited on 1 January 1997 (ten years after the Nordic countries). It remains the cause of more than 80% of work-related cancers as the pathologies related to this material, some of which incur a particularly poor prognosis, can develop tens of years after exposure.

At the beginning of the 2000s, the State, whose liability was implicated due to its shortcomings in coping with risks that had nevertheless been long recognised, set up a specific compensation scheme, in the dual form of access to early retirement and full compensation for loss in addition to case management, under ordinary law, in relation to work-related illnesses.

In 2005, the Court, on request from the Senate, examined all of these measures. In 2013, it found that the difficulties it had identified remained, and that some had even worsened.

## A system that is still just as complex

France has accepted the principle of full compensation in dispensation from the common regime: coverage not only of all damages – unheard of in the area of social protection – but also of the risks or losses of opportunity incurred through actual or only potential exposure to asbestos.

The system juxtaposes specific mechanisms, which were designed neither overall nor as elements of a coherent and comprehensive policy for the case management of bodily injury and work-related risks.

The first component consists of an early retirement system managed by the Early Retirement Fund (FCAATA - *Fonds de cessation anticipée d'activité*). It is available from age 50, to only those employees coming under the general social security regime or the regime for agricultural employees, if they have an asbestos-related illness or have worked in establishments recorded on two lists determined by acts: a list of establishments manufacturing materials containing asbestos, whatever the activity that was practised there, and a list of ship repair and shipbuilding establishments and ports, subject to having practised certain trades there.

Employees of companies not on these lists (for example, employees of subcontractors or who worked in contact with asbestos in certain activities such as in heating plants on sites that are otherwise not concerned by exposure risks) are not eligible except in the case of declared illness. Since its origin, the fund, the activity of which has been slowly declining since 2008, has

provided benefits to 78,601 beneficiaries for a total of €8.78 billion at the end of 2012. 87% of these did not have any asbestos-related illness when they entered the scheme. No epidemiological study has been carried out to determine the changes to the state of health of this population.

Secondly, the workplace accidents/illnesses branch (AT-MP) directly compensates employees with work-related illnesses caused by asbestos under the provisions of ordinary law. The compensation is on a fixed-amount basis and relates to a limited number of cases of harm. 54,000 victims were compensated in this way between 2004 and 2012. In 2012, the benefits provided had reached €1 billion.

Thirdly, the Fund for the Compensation of Asbestos Victims (FIVA - *fonds d'indemnisation des victimes de l'amiante*) provides additional compensation to the work-related illnesses regime and also takes charge of non-work-related illnesses caused by asbestos. It aims to fully compensate for the harm caused by asbestos. Since it was created and until the end of 2012, 76,350 victims had applied for compensation. Over this period, the FIVA granted €3.54 billion in compensation.

Most of this compensation system is increasingly based on funding that is shared between all companies, contrary to the insurance-based logic of pricing the risk of work-related illnesses. The contribution from companies for which at least one employee took early retirement due to asbestos was abolished in 2009, after having brought in much less than expected. The State's share, stable in itself, represents a diminishing share of an expense that has significantly increased. In 2011, the AT-MP branch devoted €2.1 billion to compensating asbestos victims, representing 18.6% of its expenditure, with the specific increase in the contribution paid by all companies that contribute to this scheme having practically doubled in just over 10 years.

## Increasing inadequacies

The scope of the early retirement system appears ever less coherent. Entries and exits of establishments from this system continue to be used as an instrument for managing employment to cope with reductions in activity or restructuring, as the Court had already observed in 2005. The legal criterion for registration on the list, namely the «significant» character of the asbestos-related activity, has still not been specified in the regulations, which allows ever broader definitions according to jurisprudence. Refusal to register a company for which 4% of employees were concerned by exposure to asbestos was thus cancelled by court decision. Intended for «those working with asbestos», early retirement is thus increasingly benefiting categories of employees whose actual risk of exposure was very low.

On the other hand, employees who worked in contact with asbestos in establishments not on the lists only receive the early retirement benefit if they actually have a work-related illness caused by asbestos. Workers who do not come under the general or agricultural regimes, particularly the craft trades

(electricians, plumbers/heating engineers and mechanics in particular) and various civil service agents, do not benefit from any system. The unequal nature of the system, which the Court observed in 2005, has worsened.

The FIVA still does not comply with the imperatives for fast compensation that the law set for it, to take into account the low life expectancy of certain asbestos victims. On the contrary, delays in the case management of victims with the most serious illnesses have tended to increase, due in particular to redundant procedures, even though a slight improvement was seen in 2013. Also, the compensation mechanism gives rise to numerous disputes, which are extremely complex due to the entanglement of several procedural channels and the divergence of jurisprudence from the courts.

## Recommendations

The Court issues the following recommendations:

➔in future, when registering an establishment on the list of those entitled to be subject to early retirement benefits, specify the trades and the places of exercise that are eligible, as is already the case for the ship construction and repair sector and the ports;

➔make all recognised victims who have a pathology caused by asbestos entitled to early retirement benefits, whatever their social security protection regime;

➔remedy the malfunctions in the Fund for the Compensation of Asbestos Victims (FIVA):

- by allowing it to grant, to the victims of malignant illnesses, the benefit of the consequences related to the inexcusable fault of the employer, without them having to seek redress through the courts;

- by relating its assessment of the pathology to that of the social security organisations;

- by making it obligatory to choose a single channel for compensation and to stay with it until the end of the procedure thus engaged;

- by creating a common reference system for compensation applicable to all reparation for bodily harm or, failing this, by grouping compensation disputes related to asbestos within one or more courts of appeal.

# 8 The Directorate of Legal and Administrative Information (DILA): an uncertain future

In its publication of a legal judgement in the 2009 annual public report «The State, publisher, printer and distributor: the indispensable reform of French documentation and official journals» («*L'État, éditeur, imprimeur et diffuseur : l'indispensable réforme de la Documentation française et des Journaux officiels*»), the Court, firstly, wanted the merger of these two entities to be an opportunity for better defining their professional specialisations (legal distributor, documentary researcher and public publisher), and secondly, observed that the commercial resources of the ancillary budget had gradually diminished, since the official journals lost the monopoly on producing legal announcements.

Preparing a first assessment of this merger, which gave rise to the creation of the Directorate of Legal and Administrative Information (DILA - *direction de l'information légale et administrative*) by the decree of 11 January 2010, the Court highlighted the difficulties to be overcome for the DILA to remain viable.

## Poor positioning

One of the objectives set was to design a genuine State strategy in the field of publishing and legal information. This strategy has still not been fully determined. The current actions of the DILA aim simply to develop a range of digital services to contribute to disseminating legal norms and administrative information and to contribute to public debate.

Nearly three years after its creation, the DILA has still not ensured that it has a long-term position in the field of public publishing.

## A fragile economic model

The DILA has a budget of approximately €200 million.

Its «economic model» is based on resources that are uncertain in the long term and on fixed charges with little room for reduction. About 90% of its funding comes from commercial income from publication, which, in particular, allows it to cope with the high costs of setting up public service websites, which are highly appreciated by users. However, as these resources depend on regulations on legal advertising, for which the trend is towards reduction, its financial situation, which today is still in profit, could eventually be weakened.

## Reductions of staff without reduction of expenditure to date

On 31 December 2012, the DILA employed 754 direct staff and 202

employees of the company for typesetting and printing official journals (SACI-JO), i.e. a total of 956 staff.

At the same time, the significant downsizings that have taken place have yet to result in budgetary savings. This is because the expenses of the DILA are heavily burdened by the cost of redundancy plans and the salaries of SACI-JO workers, the historical subcontractor which re-invoices its print production to the DILA.

The SACI-JO is still overstaffed, despite a 50% reduction in its jobs in 5 years. Half of the SACI-JO employees are made available to the DILA, subcontracted in some of its services; this practice reduces the personnel charges which are actually borne by the DILA.

### The questionable acquisition of a new four-colour rotary printer

The acquisition of a four-colour rotary printing press for more than €10 million was part of a risky gamble to establish the DILA in the highly competitive commercial printing market. Its salary costs are a handicap in this respect. This equipment now provides great overcapacity in relation to the requirements for paper production.

## Recommendations

The Court issues the following recommendations:

➔accelerate the transition of the DILA towards digital publishing and develop its online services for all administrations;

➔make the *Journal Officiel* available only in electronic form, eliminating its paper version,after having settled the pending legal questions (in particular the publication of changes of names) ;

➔reduce the expenses of the DILA, particularly by reducing direct salary costs and indirect ones resulting from subcontracting.

# 9 Travel benefits at the SNCF: rationalisation that has hardly begun

Since its creation in 1938, the SNCF has granted its agents and their families travel benefits on its network. According to the type of beneficiary, these facilities extend from total and permanent gratuity to the assignment of the entitlement to several free journeys per year, together with a permanent reduction of 90% of the price of tickets, and various benefits for transporting goods.

## The inflation of beneficiaries

Originally limited to the «nuclear family» (active or retired agent, spouse and minor children), over the last fifty years, the system has been extended to numerous beneficiaries: parents and grandparents, even great-grandparents of the agent, active or retired, those of his/her spouse, certain children aged between eighteen and twenty-eight, as well as partners, his/her under-age children and his/her ascendants.

Because of this, the scheme currently benefits more than 1,100,000 persons, of whom working railway workers only represent 15%. The extremely tenuous link that exists between many of these beneficiaries and the railway service raises the question of equality of access to public services in relation to other users.

## A poorly known cost, but certainly high for the company

The direct cost of administering travel benefits is around €25 million per year according to the Court. To this must be added the loss of commercial earnings for the company. Due to the lack of monitoring of individual consumption by the SNCF, it can only be estimated within a very approximate range of between €50 million and over €100 million per year. These amounts are significant and would justify more attentive monitoring and greater control.

## An effort to improve the administration of the arrangement since 2009

Since 2009, the SNCF has improved the administration of this regime by giving its agents, both active and retired, an electronic travel card (the «Pass Carmillon») allowing more rigorous monitoring, a card that is unfortunately not yet extended to spouses and children. It has started to improve the administrative abilities of the system, thanks to work on digitisation and unifying the corresponding databases.

## An arrangement that is not compliant with the tax and social security regulations

In 2010, the SNCF signed a provisional agreement with the Central Agency for Social Security Organisations (ACOSS - *Agence centrale des organismes de sécurité sociale*) to incorporate travel benefits as benefits in kind in the database for calculating social security contributions. Their amounts still remain greatly undervalued and the SNCF pays not only the employers' share that is incumbent upon it, but also the social security contributions, the General Social Security Contribution (CSG - *contribution sociale généralisée*) and the Social Security Debt Repayment Contribution (CRDS - *contribution au redressement de la dette sociale*), which should normally be paid by the agents. Lastly, no declaration is made to the tax administration.

## Excessive generosity in granting travel benefits to third parties who are not members of the SNCF

The Court also examined the travel benefits granted to members of public organisations. Most of these facilities, granted for service reasons and under agreements associated with a financial counterpart for the SNCF, do not call for criticism. It was nevertheless observed that personal travel benefits are granted freely to various beneficiaries, civil servants in the supervisory ministry or public personalities, without being subject to the approval of the Board of Directors.

# Recommendations

The Court issues the following recommendations:

➔revise the procedures for assigning and administering travel benefits granted to personnel of the SNCF, particularly:

- by abolishing travel benefits granted to ascendants;
- by making the benefits granted to other beneficiaries payable;
- by finishing the work of rationalising the various entitlements;
- by obtaining the instruments necessary to measure the individual use of these benefits;
- by increasing the number of rail lines and timeslots were personal travel benefits are prohibited from use;

➔apply the ordinary law application of social security contributions to travel benefits;

➔apply the tax regime for «benefits in kind» to travel benefits;

➔mention, in the appendix to the annual financial statements of the SNCF, an estimate of the cost of travel benefits, including the lost earnings that they incurred;

➔with the exception of inspection personnel, who are not able to benefit from such facilities, do not deliver travel benefits to third-party State agents or members of public institutions for anything other than service reasons and under agreements specifying a financial counterpart for the SNCF;

➔submit for the approval and regular control of the Board of Directors of the SNCF:

- a revised regime for travel benefits granted to its personnel and their dependants that includes the previous recommendations;

the definition of objective criteria for delivering these benefits to third parties.

# Chapter III

# The Court issues a warning

1 SOVAFIM: an essential re-examination

2 - The Chancellery of the Universities of Paris: a public institution to be abolished

# 1 SOVAFIM: an essential re-examination

The property and land development company SOVAFIM (*Société de valorisation foncière et immobilière*) was incorporated in 2006, with the status of a private company with the State as the only shareholder. In its 2011 annual public report, the Court, finding that it had no proven long-term utility, recommended its dissolution. This recommendation was not followed by the public authorities, while waiting for the assessment of the 2009-2011 strategic plan and the preparation of a development plan for 2011-2015. Three years later, the Court has again analysed the situation and the role of the SOVAFIM.

## An declining initial transfer activity

The initial task of the SOVAFIM, which was to sell the redundant property assets of the France Rail Network (RFF - *Réseau ferré de France*), is now almost completed. The SOVAFIM saw 158 assets transferred by RFF and reassigned 26 to it. Around fifteen are still in the process of sale. RFF, which received little benefit from these sales, has made no new transfers to the SOVAFIM since 2007.

The legislative framework covering the actions of the SOVAFIM was modified three times, particularly to make it possible for it to commercially develop assets from the entire public sphere, then to make it a structure for holding assets, pending assignment, that are considered preferable to keep within this sphere rather than put them on the market. In spite of the broadening of its scope of action, the SOVAFIM is finding it difficult to consolidate its role as an «estate agent» for public entities. From the ministries, it obtained the transfer of several police quarters and disused prisons, in order to sell them in the market. The negotiation of a framework agreement between France-Domaine, the ministries and the SOVAFIM was not successful. With two exceptions, it found no outlets amongst other public operators and organisations. Its action to promote its range of services did not have the required extent or effectiveness.

## Unconvincing diversification

To make up for the difficulties encountered in its core business, the SOVAFIM took the opportunity to diversify and gradually converted itself into an «estate agent». It now owns property that is rented to the State (the head office of the International Organisation for the French-Speaking World on Avenue Bosquet) or to private partners (the car park at the Pont de l'Europe). It transformed itself into an operator of a photovoltaic electricity production station by associating itself with a specialised private company.

## Questionable management

The sales income from the SOVAFIM's original marketing activity has, since 2012, been less than the recurrent income drawn from its estate agency activities (income from lease management and electricity charges). The consolidated turnover of the SOVAFIM group, like its net results, are trending downwards and the profitability of its equity is mediocre. The SOVAFIM, concerned to accumulate cash to be able to seize investment opportunities, even before they arise, concluded unnecessary loans.

## Undemanding State supervision

The successive reorientations of the SOVAFIM took place on an ongoing basis. The State has never defined or clearly determined the nature and extent of its duties. The SOVAFIM is supervised by three services of the Ministry of Economy and Finance. The diversity of their points of view does not favour a consistent position by the State, which has also gone without receiving any dividend since the 2008 financial year, despite the existence of a significant distributable amount. It budgeted for a recapitalisation of €60 million, which did not take place.

## A new project: the «îlot Ségur-Fontenoy»

The State, after having decided not to sell the premises at the «îlot Ségur-Fontenoy», decided to group the Prime Minister's office there, together with independent administrative authorities. The choice of procedures for this operation stemmed partly from the desire to finance it without undertaking any investment budgetary credits, and secondly due to the absence of any available capacity for public project management.

This unprecedented arrangement is based on transferring surface rights for 34 years to the SOVAFIM in return for payment of a cash adjustment. The SOVAFIM is deemed to perform the project management for the renovation work, which it will finance and administer. In this respect, it will sign a property development and management contract with a private company and will lease the renovated buildings to the State for a period of 12 years, renewable at the State's discretion. The decree concerning the transfer of surface rights and a memorandum of understanding covering the lease conditions were signed on 24 may 2013. A future completion lease was subsequently concluded between the State and the SOVAFIM.

The Court wishes to draw attention to the legal fragility of this arrangement and the uncertain character of its economic balance: it constitutes a form of off-budget expenditure generating excess cost. Although it is presented as potentially less costly for the State than a public-private partnership, it does not protect the State from the risks of the transaction which it ultimately assumes as the sole shareholder of the SOVA-

FIM. Another unknown factor for the State in this arrangement concerns the ability of the SOVAFIM to run this project. The Court therefore recommends precautionary measures.

The State considers that it is now impossible to reassess this arrangement due to the delays and costs that would result from this. As the process has begun, this new task assigned to the SOVAFIM requires keeping it alive until the delivery of the renovated «îlot Ségur-Fontenoy» in 2017. However, it is incumbent upon the State to define, as soon as possible, the exact characteristics of the additional resources of France Domaine that it may currently need to implement its property policy and, according to the decisions taken on this point, it should definitively determine the future of the SOVAFIM at this time.

## Recommendations

Given that the SOVAFIM is involved in the Ségur-Fontenoy project, the Court, which will examine the situation again in 2017, issues the following recommendations:

➔ confine the activity of the SOVAFIM to the management of current cases and the Ségur-Fontenoy transaction;

➔ introduce, in the contracts signed by the SOVAFIM with private partners for this transaction, clauses ensuring continuous operation in case of any change to the legal framework affecting the SOVAFIM;

➔ following the delivery of the renovated «îlot Ségur-Fontenoy» planned for 2017, definitively decide the future of the SOVAFIM according to decisions taken on the resources to be put in place to carry out the State's property policy.

# 2 The Chancellery of the Universities of Paris: a public institution to be abolished

The chancelleries are national public institutions established with the services of the Chief Education Officer in 1971 to administer, in each local education authority, the properties of universities which could not be divided between the new institutions created by the «Edgar Faure» law and for managing the residence and the business expenses of the Chief Education Officer.

The Court has long recommended the abolition of most of the chancelleries, whose budgets are very modest, with the exception of the largest ones, including the Chancellery of the Universities of Paris.

Including 60 staff and with an operating budget of €14 million, this manages the jointly-held estate of thirteen universities in the Paris area originating from the University of Paris, and administers the Sorbonne University.

The last inspection of the public institution showed that the question of keeping the Chancellery of the Universities of Paris must now be raised, with regard to its balance sheet and changes to the institutional context.

## An inefficient estate manager

In spite of ad hoc improvements, the management of property assets remains inefficient. The Chancellery has belatedly begun a policy of revaluing the rents for the leased estate, which remain generally lower than the average for comparable housing units; their financial yield is less than 1.5%. Also, the Chancellery has never found any convincing use for the historical assets coming from donations and divises: the Château de Ferrières had to be returned to the Rothschild family and the Villa Finaly in Florence has a recurrent operating deficit.

The management of property assets suffers from several shortcomings: it is urgent to modernise the inventory of collections, accelerate their verification, which began in 2011, and computerise the databases. The operation of the library which manages the Jacques-Doucet fund is too costly and should be integrated with a large public library. Lastly, the budget devoted to prizes, scholarships and subsidies, intended for deserving laboratories and students, has contracted over the last three years, even though it finances just the activity of the Chancellery, which benefits all universi-

ties represented on the Board of Directors of the public institution.

## An inefficient and unnecessary State operator

The Chancellery also performs tasks on behalf of the State. Under uncertain legal conditions, it plays the role of a «property manager» for the buildings of the Sorbonne and also manages the staff apartment of the Chief Education Officer of the Paris local education authority. The latter did not comply with all of the rules in force and was indulgent concerning the succeeding chief education officers. The public institution also manages the business expenses of the Chief Education Officer, which could easily be included in the operating budget for the local education authority.

The State has repeatedly failed to resist the temptation to consider the Chancellery as just an extension of itself, giving it tasks far from its statutory competences, in particular, from 2001 to 2008, having it run the procedure for automatically listing the course choices of pupils in the Paris region in undergraduate higher education (RAVEL).

## Inevitable reform

Over the last forty years, the Chancellery has not demonstrated its ability to efficiently perform its primary duty: to best manage the real estate and movable property assigned to it, particularly to generate financial resources for the benefit of universities and students, in accordance with the wishes of those who made donations.

The incoherence in the inventory and the valuation of its assets, and the absence of any clear strategic choices in its management, have prevented the Chancellery from drawing up a property policy.

The budgetary and financial management has also been inefficient: even though the Chancellery manages assets including a leased property estate and a portfolio of securities for which the total value is greater than €150 million, the public institution was unable to balance its accounts without State aid or provide the University community with significant benefits.

The status and organisation of the Chancellery now appears outdated: the overlapping relationship between the public institution and the local education authority, which are both managed by the Chief Education Officer, is no longer in accordance with the relationships that are now expected between the State and one of its operators. Also, since 2007, the legislature has laid down the principle of the free administration, by the universities, of their assets. The Chancellery should therefore no longer be in the business of managing university property, even more so as the State is not the owner of the properties that it is responsible for administering.

Fundamental reform can no longer be postponed and a simple status adjustment would be insufficient: the Court recommends the abolition of this public institution, as it has already done in the past for the other chancelleries.

This reform could be structured around two principles:

- a new organisation must be put in place to make better use of the economic value of the assets belonging to the thirteen universities originating from the former University of Paris, without fear of transferring most of the property assets and putting an end to joint holding;

- the services of the local education authority must perform the tasks currently done by the public institution on behalf of the State.

## Recommendations

The current system must therefore give way to a new organisation which could be based on two principles:

➔give priority to efficient economic use of the assets jointly-held for the benefit of the universities that own them, without being afraid to transfer most of the property assets and end joint holding;

➔assign the tasks currently done by the public institution on behalf of the State to the services of the local education authority.

Consequently, the Court recommends abolishing the public institution of the Chancellery of the Universities of Paris.