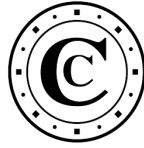


Cour des comptes



Chambres régionales
& territoriales des comptes

THE 2015 ANNUAL PUBLIC REPORT

Follow-up of recommendations

Summaries

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

Responsible for ensuring the proper employment of public funds, the Cour des Comptes examines management, policies and public accounts and gives an opinion on their compliance with the applicable rules and standards as well as on the efficiency and effectiveness of the actions carried out.

Beyond what constitutes its core duties, particularly since the beginning of the 2000s, it has had to respond to two complementary and recurring expectations: firstly, proposing solutions to the shortcomings that it identifies; secondly, following up how public-decision-makers respond to its work.

The legislator has gradually established these two expectations as obligations that the Court is now required to fulfil.

It sets out to do so by issuing recommendations in its work and by systematically carrying out periodic examinations of the follow-up to its recommendations. The regional and territorial courts of accounts embarked on the same path in 2013.

The examination by the Court of the follow-up to its work is based on the following organisation⁽¹⁾:

- at the beginning of each inspection, an in-depth analysis of the implemented following the findings of the previous inspection;
- in between two periodic inspections, if the need arises, the implementation of a "follow-up" inspection, restricted to the examination of actions arising from the previous inspection, or anticipating the next in-depth inspection;
- lastly, with the new article L. 143-10-1, introduced into French Code of Financial Jurisdictions by the amending Finance Act of 29 July 2011, the legislator institutionalised the follow-up of the work of the Court, setting a particularly ambitious configuration and applying obligations both for the recipients of observations and for the Court itself:

- the addressees of the final observations of the Cour des Comptes are required to provide the latter with reports of the follow-up actions that they have taken;

- for its part, the Court presents these follow-up actions in its annual public report, based on the reports provided.

1) These principles are incorporated into professional standards: Compendium of professional standards, chapter 3 – C.

INTRODUCTION

The present instalment first presents the **overall results of the follow-up carried out by the Court regarding all its recommendations made public** during the years 2011 to 2013 (chapter I). It then comprises a series of summaries of the **11 follow-up investigations** that it has carried out.

These 11 texts are divided into three categories, represented by a specific colour to reflect the level of implementation of the recommendations previously made by the financial jurisdictions:

- first category (green) (chapter II): **the Court has observed evidence of progress** (2);
- second category (orange) (chapter III): **the Court reiterates the importance of taking action** (7);
- third category (red) (chapter IV): **the Court issues a warning** (2).

The formulation and follow-up of recommendations in accordance with the ISSAI 300 standard

The follow-up of recommendations and the publication of the work of the Cour des Comptes meet the professional standards and directives for best practices for public-sector auditors approved by the International Organisation of Supreme Audit Institutions (INTOSAI).

To this purpose, the ISSAI 300 standard establishes fundamental principles for performance checks relative to the formulation and follow-up of recommendations.

It states that "the auditors must take care to make constructive recommendations that are likely to significantly contribute to remedying the weaknesses or problems highlighted during the audit". Quality criteria are established. In particular, the recommendations must "deal with the causes of problems and/or weaknesses" and they must be made "in such a way as to avoid obvious truths and not just reverse the terms of the conclusions of the audit".

The recipient of each recommendation, and the person responsible for taking all initiatives, must be identified and mentioned. The direction and relevance of the recommendations should be mentioned, stating "how they will contribute to improving performance".

This standard has been transposed into the professional standards of the Cour des Comptes.

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Chapter I

Follow-up of recommendations in 2014

Follow-up of recommendations in 2014

The degree of implementation of the recommendations made by the Court and published during the last three years constitutes the main performance indicator for the State's budget programme (programme 164 – *Cour des Comptes and other financial jurisdictions*) relative to the financial jurisdictions.

This indicator is defined as the share, in the most significant recommendations made during the period, of those that were followed by actual implementation. To be considered as effective, implementation must not necessarily be total; it may be only partial.

Change to the indicator on the follow-up of recommendations for the last three years

	2012 (follow-up of recommendations made in 2009, 2010 and 2011)	2013 (follow-up of recommendations made in 2010, 2011 and 2012)	2014 (follow-up of recommendations made in 2011, 2012 and 2013)	Increase in the number of recommendations between follow-up for 2012 and 2014
Number of recommendations followed-up	1,213	1,671	1 924	+ 58,6%
including recommendations partially or totally implemented	862	1 033	1 343	+ 55,8%
representing	71,1%	62%	69,8%	

Source : *Cour des comptes*

Follow-up of recommendations in 2014

Due to the increase in the number of publications by the Court, the number of recommendations made and followed-up has clearly increased in 2014 (1,924 followed-up in 2014 compared to 1,671 in 2013 and 1,213 in 2012). Indeed, 2012 and 2013 were both marked by a high level of publications, with a great impact on the number of recommendations to be followed-up in 2014. Moreover, since 2012, the publication of summary proceedings and the recommendations stemming from them has been almost systematic.

The recommendations follow-up indicator increased by 7.8 points from 62% in 2013 to 69.8% in 2014. Thus, out of 1,924 recommendations followed-up in 2014, the number of recommendations partially or totally followed-up was 1,343.

The increase in the indicator in 2014 is explained by two factors: a higher overall rate of implementation in 2014, particularly for the recommendations issued in 2011 and 2012, and the improvement in the quality of the follow-up of recommendations, which is now done systematically.

Chapter II

The Court has observed evidence of progress

- 1 - Escheated bank assets and life-insurance contracts:
enhanced protection for savers
- 2 - Partial unemployment: a renewed device, still
insufficiently used



1 Escheated bank assets and life-insurance contracts: enhanced protection for savers

The situation of escheated bank assets and life-insurance contracts raises important issues regarding the protection of savers, which the Court highlighted in a communication made upon a request from the Chairman of the National Assembly's finance committee.

Bank assets may become escheated either because the owner, who is still alive, cannot be found or because his/her death is not known to the institution or, even if known, no heir has come forward. In the communication to Parliament dated June 2013, the amount of bank assets escheated was estimated at around €1.2 billion, at least.

The escheated contracts designate the amounts due pursuant to life-insurance contracts which are not redistributed to the beneficiaries designated in the contracts, in spite of the death of the subscribers. In its communication, the Court estimated escheated life-insurance and endowment contracts, covering life-insurance benefits not paid three years after the death of the insured party or two years after the expiry of the contract, as well as endowment

contracts not claimed ten years after expiry of the contract, at a minimum of €2.76 billion in 2011.

Out of the 17 recommendations issued by the Court, 12 were fully implemented under the law of 13 June 2014 relative to inactive bank accounts and escheated life-insurance contracts, three were partially implemented, and only two were not implemented.

The law of 13 June 2014 strengthens the protection of the owners of inactive bank accounts

The communication to Parliament stressed that inactive bank accounts which later became escheated were governed by a deficient legal framework. The only legal obligation imposed on banks concerning escheated bank assets was to transfer these to the State at the end of the thirty-year limitation. On the other hand, the French Monetary and Financial Code did not include any specific obligations concerning inactive accounts, meaning those with no movements at the initiative of the client and for which the client has not come forward.

Escheated bank assets and life-insurance contracts: enhanced protection for savers

As the Court recommended, the law of 13 June 2014 created a legal framework specifically applicable to inactive bank accounts. The main contributions are as follows:

- the obligation for credit institutions to list inactive accounts each year and to transfer the unclaimed funds, after a certain period (three years after the death of the owner, ten years after the last recorded account movement), to the Caisse des Dépôts et Consignations;
- miscellaneous obligations incumbent upon credit institutions and the Caisse, intended to protect the rights of savers. This mainly involves information to clients, but also the limitation of bank charges deducted from inactive accounts by the banks, and the obligation for the Caisse not to disburse the capital of transferred bank assets.

The law of 13 June 2014 also includes new guarantees for the beneficiaries of life-insurance contracts

The communication to Parliament stressed that, since the law of 17 December 2007, insurance companies were specifically obliged to identify the deceased policyholders and seek out the beneficiaries of life-insurance contracts. However, this law was not fully applied by insurance companies, even though it came into force

more than six years ago.

The law of 13 June 2014 provided for improved information to subscribers of life-insurance contracts and strengthened requirements with regard to insurance companies in matters of identifying deceased insured parties.

It also provides for the mandatory transfer to the Caisse des Dépôts et Consignations of amounts due pursuant to life-insurance contracts and endowment bonds or contracts for which no request for payment of benefits or capital has been received after a period of ten years from the date of knowledge of death by the insurer or the expiry of the contract.

The role of notaries strengthened

The communication to Parliament emphasised that the lack of knowledge of the death of their clients by the banks was partly related to the fact that notaries did not have the specific right, during succession, to consult the database on bank accounts (FICOBA) that lists all bank accounts open in France. It recommended making it mandatory for notaries to consult the FICOBA during a succession. The law of 13 June 2014 implemented this recommendation and even went beyond it, since it specified access by notaries to the database on life-insurance contracts, known as FICOVIE.

Escheated bank assets and life-insurance contracts: enhanced protection for savers

Although the new legislative arrangements do not take effect until 1 January 2016, changes to the behaviour of those involved are already notable

We note that professionals have become more aware of the subject. In particular, the French Prudential Supervisory Authority (ACPR) has strengthened its checks. The ACPR's Sanctions Committee penalties commission handed down rulings of heavy financial penalties on 7 April 2014, 31 October 2014 and 19 December 2014.

Significant legal and technical work remains to be done to ensure the rapid implementation of the legislation.

The Court will remain particularly vigilant concerning the issue of the protection of savers. It will continue to closely monitor the implementation of the arrangements concerning escheated bank assets and life-insurance contracts.



2 Partial unemployment: a renewed device, still insufficiently used

In its thematic public report entitled "The jobs market : improving policy targets to cope with high unemployment"⁽¹⁾ (January 2013), the Court had noticed a weak implementation of the partial-unemployment system, considered too complicated and uncondusive, in spite of the repetitive modifications made since the beginning of the crisis in 2008. It recommended merging the current systems and approving the attractiveness of partial unemployment for companies.

Germany, which has experienced a greater loss of GDP than France since 2009, has more effectively protected its employment with partial unemployment, massively funded by the german unemployment insurance system. To the opposite in France, the system, mainly funded by the State, has remained mostly circumscribed to large companies in the industrial sector (particularly automobile).

The main issue of the June 14, 2013 law reform to protect employment lay in the definition of a new device, called partial activity, made attractive for the small companies.

An easier and more attractive device for companies

The June 14, 2013 law simplified the device by establishing a single compensation, payed for by the State and the UNEDIC, and eliminating the obligation of contracting with the State in order for companies to benefit of the most favourable terms. The administrative measures have been simplified (the procedures are now entirely electronic), with longer periods of authorised partial unemployment (six months renewable), and confirmation of the limit of 1,000 hours per year and per employee.

The financial incentives have been reviewed : the cost per hour of unemployment for the employers is now limited to 31% of a three times the minimum wage salary (it is zero for a minimum wage salary), whilst the compensation for the employees has been reduced.

The cost of the partial activity compensation served to the employers by the Service and Payment Agency (ASP) in 2014 was about €220 million. The hourly amount of the compensa-

¹⁾ Cour des comptes, *Thematic public report : The job market: improving policy targets to cope with high unemployment*. La Documentation française, January 2013, 170 P., available at www.ccomptes.fr

Partial unemployment: a renewed device, still insufficiently used

tion (over 80% of the gross hourly minimum wage) is paid for by the State up to roughly 60%, and the rest by the UNEDIC on the unemployment insurance funds.

The possibility of professional training courses during periods of unemployment has been encouraged by two measures : the range of eligible courses has been extended and the salary compensation for the employees fixed at 100%.

The Court observes that the 2013 reform follows what had been its recommendations.

A new system to be promoted and evaluated

It is still too early to measure the effects of the reform on companies' strategies, but it seems that the num-

ber of demands is increasing and that more companies are considering partial unemployment.

As from now, public authorities are encouraging the part that the DIRECCTEs⁽¹⁾ have to play alongside companies and professional networks to make the new device popular amongst the different job saving instruments, and increase its use amongst companies that were not used to it, particularly small ones.

Due to lack of individual data for monitoring the career paths of employees concerned by partial unemployment, it has not been possible up to know to evaluate the impact of this system on job saving. The information system development will open new perspectives here, which should allow to build up an evaluation process.

Recommendations

The Court thus issues the following recommendations:

- build tools to be able to measure the impact of the device on two points:

- the employees matching skills to their jobs and secure their professional careers;

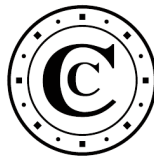
- the long-term preservation of the concerned employees in their jobs.

1) DIRECCTE : regional services of the Labor and Employment ministry.

Chapter III

The Court reiterates the importance of taking action

- 1 - The management of researchers: improvements still necessary
- 2 - Palliative care still inadequate France
- 3 - The management of the Economic, Social and Environmental Council: a will to reform, work to be continued
- 4 - The public authority for the development of La Défense Seine Arche: order insufficiently restored
- 5 - The Jussieu construction site and the conduct of large property transactions by universities in the Paris area: lessons to be learned
- 6 - The "Château de Versailles Spectacles" company: progress to be consolidated
- 7 - The real estate transactions of the Ministry of Foreign Affairs in the Paris région: an unsatisfactory outcome



1 The management of researchers: improvements still necessary

The eight public institutions of a scientific and technological character (EPST)⁽³⁾ had 16,662 active statutory researchers in activity in 2013, compared to 17,005 in 2006, with a payroll of €1.67 billion. The CNRS alone accounted for two thirds of the workforce.

Improved reception of young researchers

The increased funding for project research since 2006 and the clarification of the legal situation of young researchers have improved the conditions for receiving post-doctoral researchers. As such, the number of contractual researchers in the EPST has substantially increased (+22% between 2008 and 2013) and they currently represent one third of researchers (compared to one fifth in 2006).

Nevertheless, this improvement, which is very positive for the attractiveness of French research, nevertheless may result in job insecurity for young researchers, of which the institutions are aware, but that laborato-

ries must contain when recruiting

Recruitment of statutory researchers unrelated to national priorities

The opportunity offered by the great wave of retirement during the 2000s (from 2006 to 2013, more than 20% of researchers who were active in 2006 have retired) to reallocate recruitments to research's main priorities was not seized. In contradiction with the duration of projects, mainly fixed short term researchers are assigned to the priority topics of the national strategy for research and innovation (SNRI).

Since 2006, the rate of recruitment of statutory researchers has dropped significantly and the anticipated reduction in retirements over the coming years means that this trend is likely to continue. In this context, in order to better address scientific priorities and better anticipate changes, the definition of a long-term recruitment plan, global and by discipline, is required, based on the budgetary capacity made available by leaving staff.

3) National Centre for Scientific Research (CNRS), the French Institute of Science and Technology, for Transport, Development and Networks (IFSTTAR), the National Institute for Demographic Studies (INED), the National Institute for Agricultural Research (INRA), the National Institute of Health and Medical Research (INSERM), the National Institute for Research in Computer Science and Automation (INRIA), the Research Institute for Development (IRD) and the National Research Institute of Science and Technology for Environment and Agriculture (IRSTEA).

The management of researchers: improvements still necessary

Supporting career paths

As the number of applicants is growing while the number of recruitments of research fellows has dropped by 22% between 2006 and 2013, selectivity when entering EPST is increasingly high and the average age of recruitment is significantly increasing. It is now between 30 and 34 years old, which has several consequences in terms of remuneration level, career development and retirement credits.

The "careers plan" introduced in 2009 selectively improved researchers' career development, but the main problems identified in 2003 remained: difficulty to reach the highest grades (25% to 30% of researchers remain at the last grade of first-class research fellow), low personnel mobility and limited impact of individual appraisal on career development and remuneration. This situation is all the more paradoxical as requirements in terms of scientific quality and experience for recruitment are increasing. These findings may eventually harm career attractiveness.

A remuneration policy that lacks coherence

Due principally to the "career plan", the average gross remuneration of researchers, index-related salary and all bonuses, has increased between 2009 and 2013.

Changes in the specific compensation for functions of collective interest now provide greater reward for taking on responsibility. However, the procedures for assigning the doctoral and research supervisory bonus, which succeeded the scientific excellence bonus, do not appear fully satisfactory and require reform in order to better take into account individual appraisals.

Moreover, it is not fair that, in an insufficiently controlled context, the compensation relative to the time savings account weighs so much affects the payroll expenditure of the establishments, sometimes exceeding the budgets assigned to responsibility or performance bonuses.

The management of researchers: improvements still necessary

Recommendations

Consequently, the Court issues the following recommendations:

To the Ministry of Research:

→organise the feedback of information and improve the coordination of the EPST's strategic plans (recommendation reiterated);

→encourage the integration of statutory researchers into the body of teacher-researchers (recommendation reiterated);

→reform the procedures for the assignment of the doctoral and research supervisory bonus, by linking it to the individual evaluation.

To the Ministry and to the public institutions of a scientific and technological character (EPST):

→jointly define a long-term recruitment plan per discipline and competence according to strategic priorities;

→improve knowledge of contractual researchers and their professional development by carrying out cohort monitoring studies;

→strictly control the implementation of the time-savings account and limit its budgetary impact.

To the EPST:

→improve the selection of post-doctorate candidates in order to ensure that they have genuine professional prospects.



2 Palliative care still inadequate in France

In 2007, the Court pointed out how slow the development of palliative care had been in France. It called for the implementation of a more active policy in this field, based on a better evaluation of needs, addressing geographical inequities, and emphasising the development of palliative care at home and in the medical-social sector.

Since then, a national programme to develop palliative care was implemented in 2008, this field being one of the government's three major public health priorities, along with cancer and Alzheimer's disease. The Court endeavoured to assess whether this programme provided a better response to the needs of patients and their families.

Access to palliative care still very insufficient overall

In 2011, as the Court recommended, the national Observatory on End of Life issued a first estimate of the number of persons likely to need palliative care. According to this study, out of the 535,451 persons who died in 2008, 64% would have required palliative care.

No comprehensive estimate of the number of beneficiaries of palliative

care over a given year is available. This lack of reliable, comprehensive and up-to-date data illustrates the persistent difficulty in making palliative care a real priority in public health, in contrast to other countries where it is much more developed, particularly in Anglo-Saxon countries. Only partial information exists, which shows limited use of palliative care, despite an increasing trend in beneficiaries between 2009 and 2013. In hospitals, only one third of the 238,000 patients who died in 2009 during short-stay hospitalisation and were in need of palliative care actually benefited from it.

The development of palliative care primarily focused on hospitals

The programme to develop palliative care aimed at organising three levels of management, from the simplest (ordinary beds) to the most complex cases (in specialised units). In between these two levels, palliative care is provided in so called "palliative care identified beds", which can be put in place as needed in any hospital ward. In addition to this, most hospitals have a mobile palliative care team, which can provide a specialised assistance to the establishment's various departments. Overall, the objectives set by the

Palliative care still inadequate in France

national programme were achieved with regard to the creation of beds. As far as mobile teams are concerned, in spite of their development, major disparities in their resources and their practices are to be underlined.

In addition to that, major geographical inequalities remain both between and within regions: equipment rates vary considerably from one region to another.

Financial incentives have contributed to the development of palliative care in short-stay and “hospital at home” facilities, but this is not yet the case in rehabilitation and long term care institutions. Training of physicians and other health professionals who are the main asset to enhance palliative care awareness has improved but remains highly insufficient.

Palliative care outside the hospital still to be developed

Progress has been much more limited in providing home care, even though this type of service meets the preference or the great majority of patients. The same is true for care in nursing homes.

While the development of chronic pathologies calls for new practices and integrated care, coordination of primary care professionals, networks of palliative care, “hospital at home” and home nursing services is generally poorly organised. This issue has not been a priority of

the national health-insurance in its negotiations with health professions.

Support for patients requiring palliative care in nursing homes is hindered in particular by the lack of medical and nursing staff as well as an insufficient access to mobile palliative care teams.

Support for patients’ families remains unsatisfactory. The system of “family solidarity leave” was not effectively implemented until 2008, nine years after the law under which it was instituted. It is rarely used. Financial benefit for supporting persons at the end of their lives was not established until 2010, five years after the proposal made by a parliamentary mission. The arrangement, which is limited (payment by the social security of hours of domestic help and equipment), appears poorly known and under used

Of the three public-health priorities declared in 2008, development of palliative care thus appears as the one which, in spite of the progress made, has been least successful. The approach has remained institutional, focused on hospitals, and yet often characterised by an essentially curative and technical medical culture, whereas patients and their families would rather prefer home-based care and support with a greater concern for humanity.

Palliative care still inadequate in France

While population ageing and development of chronic pathologies are likely to increase the demand for palliative

care, adapting our health system to these expectations must remain a priority.

Recommendations

The Court issues the following recommendations:

→ maintain a clearly identified policy on development of palliative care, supported by a specific action plan, as part of the national health strategy (reiterated recommendation);

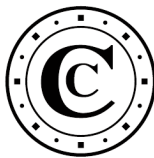
→ give priority to the development of palliative care at home and in nursing homes (reiterated recommendation);

→ use the inter-professional agreement currently under negotiation between the national health insurance and health professions to support this objective and develop home interventions by multidisciplinary teams;

→ in addition, pursue the development of support systems for next of kin caregivers;

→ target more precisely the extension of hospital based palliative care in order to reduce regional disparities;

→ put in place specific procedures for funding palliative care within rehabilitation and long term hospitals so as to foster long term palliative care.



3 The management of the Economic, Social and Environmental Council: a will to reform, work to be continued

The Economic, Social and Environmental Council (ESEC), which has 140 members of staff and an annual budget of €38 million, has the task of issuing opinions on government bills. Since the constitutional reform of 2008⁽⁴⁾, it may also have matters referred to it by Parliament and through petitions, concerning any problem of an economic, social or environmental character.

A special financial regime

Its specific budgetary regime, which does not differentiate between the authorising officers and accounting officers, is not justified. Invoices are paid more slowly and the accounts are run less rigorously than under the common law regime, while public procurement is still not fully controlled.

Progress in staff management

Progress has been seen in the field of human resources thanks to the creation of an administration system and the beginnings of dynamic staff

management, which is based to a greater extent on seconded or contracted staff. But staff promotion remains too rapid, the "job ceiling" is over-valued, and working hours are below the legal duration. Furthermore, the legal basis for the compensation payment of personnel, decided by the Chairman, has not been established.

A pension fund still in deficit

In spite of reforms, the pension fund for former members of the Council remains in long-term deficit due to contributions that are too low in relation to the level of pensions provided, which requires the ESEC to compensate the difference from its ordinary budget.

The Court therefore recommends that the accounting regime of the ESEC be brought into line with common law, that the organisation of working time be reviewed, that the regula-

4) Constitutional law of 23 July 2008 on the modernisation of the institutions of the Fifth Republic.

The management of the Economic, Social and Environmental Council: a will to reform, work to be continued

tory basis for compensatory arrangements be consolidated and that reform of the pension scheme be

continued in order to bring it into balance.

Recommendations

The Court issues the following recommendations:

→ place the ESEC under a budgetary and accounting regime compliant with the provisions of the decree of 7 November 2012 (recommendation reiterated);

→ continue the reorganization of working time in accordance with the regulatory framework in force;

→ give a regulatory basis to the compensation arrangements ;

→ continue adjusting the parameters for calculating contributions and retirement pensions (double contribution, basis for calculation, amount of State contribution, etc.);

→ move the members' pension scheme towards a defined-contribution scheme, which does not commit the State beyond the initial funding granted and applicable to all pensions that have not yet been settled.



4 The public authority for the development of La Défense Seine Arche: order insufficiently restored

The public authority for the development of La Défense Seine Arche (EPA-DESA) is the successor of the public authority for the development of La Défense (EPAD) created in 1958 to contribute to the creation of an international business district built on an esplanade at La Défense. The area of intervention of the EPADESA extends over four municipalities: Nanterre, Puteaux, Courbevoie and La Garenne-Colombes, representing 564 hectares.

In its 2013 annual public report, the Court made several observations and recommendations regarding the EPADESA.

Improvement of information and more rigorous management of the authority

Internally, the authority has cleaned up its management, improving the quality of financial information that it delivers to the supervisory authority and board of directors. Since 2011, the authority has gradually created long-term documents including business forecasts and a long-term plan. Since 2013, these documents have provided a better record of the progress of

various operations and their contribution to the results.

In terms of wages, the authority now applies the same wage increase ceilings to executives as those which apply to other categories of employees of the authority.

Furthermore, it has improved the monitoring of certain expenditure items. The policy to reduce communication expenses has been continued.

Uncertainty regarding funding for the refurbishment of the business district

The Court has analysed the changes that have occurred since 2012 in the situation and environment of the EPADESA.

Since the formation in 2007 of the public authority responsible for managing facilities in the business district, known as Defacto, the activity of EPA-DESA has been hindered by uncertainties concerning the sharing of their respective competences. The law of 27 January 2014 on the modernisation of regional public action and

The public authority for the development of La Défense Seine Arche: order insufficiently restored

representation of metropolises (known as the MAPTAM law) established a clear legal regime for public assets and spaces: as the property of EPADESA, they may only be made available to the managing establishment.

However, the question of sharing the cost of the refurbishment of these assets, which exceeds €350 million according to EPADESA (including €156.8 million for the tunnels) is not yet resolved, even though article 24 of the MAPTAM law required the Government to present a report on this question to Parliament before the end of 2014. The decisions are therefore postponed to 2015.

A development strategy that remains to be defined

Moreover, the EPADESA, which until then had no policy document, has been working since the autumn of 2013 on constructing an operational strategic project applicable to its entire scope of intervention based on State-defined policies.

This development is difficult as external uncertainties which affect large projects in the Paris area, whether they involve transport or the organisation of the metropolis, are coupled with internal difficulties in reconciling different points of view. The 40,000 new jobs expected in the business district before 2027 may contribute to increasing the congestion of transport capacity. The office property market, for its part, remains lifeless: more than 440,000 m² remained unoccupied in the 1st quarter of 2014.

The actions of EPADESA must come within a concerted development process with the municipalities and their groups, while respecting the prerogatives of each of them. However, the Court noted that reconciling points of view has often been difficult and warns about the consequences of the lack of clear choices, which would risk compromising the future of the authority.

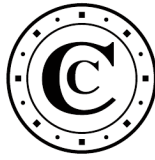
Recommendations

While noting the progress that has been achieved in the internal management of the EPADESA, the Court recommends that the public authorities and the development authority:

→ quickly determine the procedures for distributing the costs of

refurbishing facilities for the La Défense district;

→ prepare a strategic document specifying the development that they intend to carry out in this business district over the next ten to fifteen years.



5 The Jussieu construction site and the conduct of large property transactions by universities in the Paris area: lessons to be learned

In 2014, the Court carried out a follow-up investigation on the thematic public report published in 2011: "The Jussieu campus: the excesses of a badly-run renovation".

An interminable construction site at an increasing cost

The public establishment for the development of universities in the Île-de-France region (EPAURIF) acts as the contracting authority for all operations carried out on the Jussieu campus. Seventeen years after the first work began on the site, an agreement of 8 October 2013 between the State, the Pierre et Marie Curie University and the EPAURIF determined the establishment's duties with regard to asbestos removal and the renovation of buildings, as well as the rehousing and transfer of their occupants.

In accordance with the timetable set by the agreement, the "centre-west" sector was handed over in July 2014. Handover of the "east" sector, planned for the second quarter of 2015, could be delayed due to unforeseen

asbestos removal work, while remaining within the deadline set by the agreement of 8 October 2013.

While this agreement indicated that the main operations would be completed in 2015, the Pierre et Marie Curie University is already planning an operation to renovate the "barres de Cassan", buildings located to the north of the campus which were not originally included in the scope of the operation. This work could be carried out between 2015 and 2025 for an estimated final amount of €249 million (2012 value), but no financial commitment has yet been made for this operation.

The Court had noted that the projected costs of the Jussieu operation have constantly increased since the outset: €183 million in 1996, €591 million in 1998, €800 million in 2002, €1.03 billion in 2005 and €1.77 billion at the end of 2008.

In 2011, the Court evaluated the overall cost of renovating the Jussieu campus at €1.71 billion, corresponding to €1.80 billion valued in 2014.

The Jussieu construction site and the conduct of large property transactions by universities in the Paris area: lessons to be learned

Given the additional cost planned for the "barres de Cassan", the final projected cost of the renovation of the Jussieu campus may be estimated at more than €2 billion in 2014.

The contribution of EPAURIF to university property transactions: progress to be confirmed

As the Court had suggested in 2011, the EPAURIF signed an objectives and performance contract with the State in 2012.

The Court noted that the operations carried out on the Jussieu campus had no defined objectives in terms of scope, deadlines and costs. Now, each operation is covered by an agreement defining the essential parameters of the project: nature of tasks, deadlines, funding conditions, mode of governance and estimated final cost. The EPAURIF's board of directors, which includes representatives of the State, regional authorities and the university sector, is regularly informed of the conduct of operations. These improvements, as well as the expertise acquired on the Jussieu site, have allowed the establishment to acquire technical legitimacy with regard to the Ministry and the university establishments.

The EPAURIF was made responsible for some 40 operations other than Jussieu in 2014, in which it intervened in various capacities (contracting authority, delegated contracting authority, project coordinator, assistant to contracting authority or expert). Since 2011, the establish-

ment has adapted its organisation to the diversification of its tasks, particularly by reinforcing the teams responsible for prior studies and property programming.

The Ministry of Higher Education and Research must nevertheless refine its doctrine on the employment of the public establishment, specifying for which types of operations or according to which financial thresholds it would recommend use of the EPAURIF.

Given the numerous risks (legal, financial, deadlines, etc.) to which it is exposed, the EPAURIF still needs to enhance its internal legal control of the establishment, finish the project to write procedures begun in 2011, and improve the quality of its accounting to end the current situation of dual accounting of capital assets.

University property in the Paris area: strategic management to be put in place

As the Court recommended in 2011, developments to the regulatory framework applicable to State investments and its public establishments have improved the evaluation phases prior to property projects. A new circular relative to the expert appraisal of property projects, covering all operations (State-region project contract, campus operations, etc.) should be published at the beginning of 2015.

However, the diversity of the players contributing to the property policy

The Jussieu construction site and the conduct of large property transactions by universities in the Paris area: lessons to be learned

orientations of higher education and research in the Île-de-France (universities, establishment communities, development establishments) does not facilitate the coherence of initiatives in the matter.

In 2012, a first plan was drawn up for the location of property for higher education and research activities and facilities for student life in the Île-de-France. This document was never distributed and its policies are partly obsolete due to numerous changes which have occurred since 2012, particularly concerning the merger of establishments.

The strategic framework for large operations in the Île-de-France must

be modernised. Design of an overall plan cannot be assigned to a single body such as the committee of chief education officers specified by article R.222-2 of the French Education Code. It must take into account other organisation plans (particularly the work carried out in relation to Greater Paris in matters of transport infrastructure) and the new issues involving university property (site policy, energy transition, digital development and cost of operation/maintenance). Lastly, the establishments' property strategy can only be designed in application of a previously defined strategy for higher education and research in the Île-de-France, as property is merely a support function to serve the establishments' primary objectives.

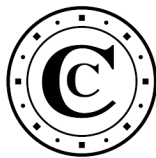
Recommendations

Consequently, the Court issues the following recommendations to the Ministry of Higher Education and Research:

- arbitrate the programming and financing of the renovation work on the "barres de Cassan" envisaged by the Pierre et Marie Curie University;
- define a doctrine on the employment of the EPAURIF for

implementing property projects at universities in the Paris area;

- bring the property location plan specified by the decree of 26 August 2010 into line with the State strategy in terms of higher education and research in the Île-de-France and the development of Greater Paris (recommendation reiterated).



6 The "Château de Versailles Spectacles" company: progress to be consolidated

Founded on 24 December 2003, Château de Versailles Spectacles" (CVS) is a simplified joint stock company owned by a sole proprietor (SASU), a wholly-owned subsidiary of the public establishment that covers the château, the museum and the estate of Versailles (EPV). In particular, it organises the "fountain shows" in the gardens of the estate, contemporary art exhibitions, and the musical season at the Royal Opera. In a summary judgement of 24 September 2010, the Court noted the limits of outsourcing a statutory task and the irregularities related to the collection, by CVS, of income from sponsorship and the ancillary remuneration of agents of the EPV intervening for the benefit of this company.

Positive changes since 2010

CVS has managed to develop and diversify its activities. The profitability of the "fountain shows" has been increased. The contemporary art exhibitions now have an international influence, even though their impact on visitor numbers in the château is difficult to establish due to the fact that they are free of charge. Lastly, the musical activity, which has long been marginal, has developed considerably, with the organisation of a season of Baroque music, the quality of which is renowned and which is encountering a certain degree of public success. The

development and diversification of the activity of CVS since 2010 resulted in significant growth of the company, the turnover of which rose from €10.50 million in 2009 to €14.5 million in 2013.

In accordance with the recommendations issued by the Court in 2010, progress has been made by the company in managing its human resources and in its governance. The role of the EPV's board of directors in relation to CVS has been strengthened. Procedures intended to secure its ability to receive corporate sponsorship have been successfully concluded. Lastly, although the financial equilibrium of CVS was shaken several times during the period 2003-2009, the situation was consolidated over the period 2010-2013, with net annual results close to balance, enabling flows between the EPV and its subsidiary to be stabilised.

The persistence of weaknesses requires increased control of risks

In spite of observed progress, shortcomings remain in the procedures applicable to travel expenses, procurement and the establishment of the financial balance sheet for the contemporary art exhibitions. Furthermore, new financial risks have appeared over the last few years: the first relates to the financial setup of the contemporary

The "Château de Versailles Spectacles": progress to be consolidated

art exhibitions, which have highly variable cost structures depending on the artists presented and are based almost exclusively on resources from sponsorship; the second relates to the large deficit for the musical season, faced with low prospects for increasing income from ticket sales and sponsorship.

Moreover, the Court reiterates its previous observations concerning the use of the "sponsorship hours" arrangement to remunerate additional work carried out by EPV personnel for the benefit of CVS. This arrangement is not controlled at the legal level and the use of alternative solutions, when possible, would have advantages in terms of cost and organisation of work.

Recommendations

Consequently, the Court issues the following recommendations:

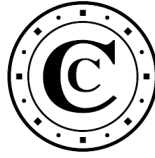
→ make the use, by CVS, of the "sponsorship hours" arrangement compliant with the regulations, while working on developing alternative solutions;

→ apply open competition procedures in procurement, in accordance with the provisions of the ordinance of 6 June 2005 on contracts awarded by certain public or private entities not subject to the Code of Public Procurement;

The organisation chosen by the EPV, through the creation of a subsidiary, seems at last to have found a point of equilibrium which should now be consolidated. Beyond this, improvements remain to be made to the administrative and financial functioning of CVS, while respecting its management independence. The information provided to the board of directors of the EPV on the activities of CVS needs to be improved, and better incorporated into the development of the range of cultural services available at the Château de Versailles.

→ improve the management and organisation of the contemporary art exhibitions while clarifying the respective responsibilities of the EPV and CVS and making the financial balance sheets more reliable;

→ strengthen the monitoring role of the EPV's board of directors by improving information on the cost of the activities of CVS, particularly its musical season, and their impact on the financial equilibrium.



7 The real estate transactions of the Ministry of Foreign Affairs in the Paris region: an unsatisfactory outcome

When drawing up the assessment of the real estate transactions of the Ministry of Foreign Affairs (MFA) on the La Courneuve and Rue de la Convention sites in Paris, the Court noted that the failures in managing such projects, which it had already criticised in 2005 and 2008, had not disappeared in 2014. The Ministry still does not have the means to prevent dysfunctions that impact on public finances.

Incomplete rationalisation

Although the work to rationalise the real estate settlements in the Paris region is reflected in the 39% reduction of net floor space occupied, it still has not reached the objectives that were hoped for "by 2010".

Unrealistic programming

The lack of realism in the programming of real estate transactions is demonstrated in the almost systematic under-evaluation of financial projections (taking over the building on Rue de la Convention exceeded estimates by more than €47 million), in

the flawed manner in which the requirements of the administration and its users were taken into account (oversizing the archives reading room at the La Courneuve site), and the lack of monitoring of initial priorities (installing the Secretary of State for Cooperation and Francophonie at Rue de la Convention for an additional cost of work of more than €2 million).

Furthermore, the archives wing at the Quai d'Orsay will, in 2018, have remained unoccupied for nine years, for a cost estimated at more than €6 million.

Lack of professionalism

The lack of professionalism is reflected in the shortcomings of the contracting authority, with choices that compromised the goal; the timetable and the budget of the concerned projects (change of the opinion of the Minister on the layout of workspaces causing additional costs of 24% to the contract, which increased from 2.55 to €3.15 million) and in the undersizing and lack of training of teams, who were unable to stand up

The real estate transactions of the Ministry of Foreign Affairs in the Paris region: an unsatisfactory outcome

to some inflationary demands of the hierarchy of the Ministry (increase of €4.60 million through amendments

for contracts of an initial amount of €9.20 million for various developments at the Convention site).

Recommendations

In the light of these observations, the Court issues the following recommendations:

→ take into account, in the MFA's real estate strategy plan, the expected prospects for changes of its workforce in the central services, of its administrative organisation, of its activity and of its business lines;

→ enhance the technical and legal competences of the Ministry's real estate and logistics department to ensure the quality and reliability of real estate transactions and to oversee the stability of the programs that are thus defined; failing this, consider the use of a delegated contracting authority.

Chapter IV

The Court issues a warning

- 1 - The network of sub-prefectures : between *status quo* and experimentation
- 2 - An example of poorly-planned local public investment : the airports of Dole and Dijon



1 The network of sub-prefectures: between *status quo* and experimentation

On 1 January 2015, the network of 235 sub-prefectures covered a historical map of 336 *arrondissements* (districts), an administrative level that is generally absent from the regional structures of comparable European countries.

In its 2012 public report, the Court found that the gap was widening between the sociological and administrative transformations that the country is undergoing and this practically-intangible network. It observed the gradual reduction of the traditional tasks of sub-prefectures and criticised the lack of overall reform of a network organised according to an anachronistic map.

The follow-up inspection carried out by the Court led to the observation that the *status quo* had only been called into question very recently by the development of certain experimental projects.

The artificial retention of "counter tasks"

In application of the official doctrine of the Ministry of the Interior, "counter tasks" should rapidly decrease by 2015. In fact, personnel remain assigned to these duties within the sub-prefectures. Firstly, they devote them-

selves to material tasks involving checking legality, which a dedicated computer application has made largely pointless.

Secondly, they carry out activities involving the delivery of administrative documents, which the generalisation of electronic services or issuance in the prefecture were supposed to make obsolete.

A constantly postponed reorganisation of maps

While the intervention of the State at a regional level has given rise to many studies at the inter-ministerial and ministerial levels, the situation of the *arrondissements* and sub-prefectures has barely changed since the last major overhaul in 1926. It has remained practically unchanged over the last few years, due to a lack of will from the public authorities. In spite of reform projects studied by "working groups" and "task groups of senior officials", the Ministry has defined no overall strategy to adapt these local services to the requirements of citizens and local authorities.

An "experimental mission on the renovation of the network of sub-prefectures" for the *arrondissements* of the Alsace region and the Moselle department was assigned to the prefects of

The network of sub-prefectures: between *status quo* and experimentation

the region concerned, to correct an atypical situation inherited from the 19th century. It led to measures to reduce the network, which took effect on 1 January 2015 (five sub-prefectures were eliminated in 2015 and one will be eliminated in 2016, as well as eight *arrondissements*).

A pending redefinition

The redesign of the map of *arrondissements* is not, in itself, sufficient to ensure appropriate intervention of the State's services at the sub-departmental level. The Ministry of the

Interior has considered two avenues for reform: the concept of the "State administrative centre", and the project to have "mission-oriented" administrations organised by *arrondissement* sub-prefects.

Neither of these ways has currently come to fruition. What is more, their appropriateness is rather unconvincing as they do not, in reality, provide any solution that is up to the task of adapting the presence of the State at the local level, while a reform of local authorities has begun.

Recommendations

The Court reiterates its recommendations and issues two in the guise of a summary:

→ Design a new map of *arrondissements*, keeping only those sub-prefectures for which the presence of a

sub-prefect and a decentralised level of administration is necessary;

→ Implement this map gradually, according to a timetable fixed in advance.



2 An example of poorly-planned local public investment: the airports of Dole and Dijon

In a 2008 public report on airports in the face of changes to air transport, the Cour des Comptes highlighted the chronic deficits of numerous local airports, which have been compensated by high subsidies. It noted the lack of rationality in the locations of airports and the lack of synergy. The Court instructed players to develop inter-modal solutions to make more efficient use of the existing infrastructure and invited financiers to question whether airports in deficit should be kept in activity.

In the same vein, six years later, the regional court of accounts of Bourgogne, Franche-Comté examined the situation of the two airports of Dijon and Dole.

The implementation of competing strategies

The low degree of co-operation between managers and financiers of the two airports is largely explained by complex governance: the Dijon airport has four financiers (the Bourgogne region, the Côte-d'Or department, the urban community of Greater Dijon and the Côte-d'Or chamber of commerce and industry) and the Dole airport is mainly subsidised by the Jura department. This lack of coordination, made possible by the "general competence" clause speci-

fied by the General Local Authorities Code and by the location of facilities in two different regions, led to the coexistence of competing development plans.

Massive and diversified public support

This competition of facilities less than 50 km apart, characterised by largely intersubstitutable catchment areas, resulted in inefficient allocation of public funding. In Dijon, the modernisation of the airport represented a cost of €14.7 million. In Dole, if the project to build a new terminal is completed, the investments should reach €9.5 million by the end of the public service concession, representing a total of over €24 million for the modernisation of both airports.

Regarding support to the operation of the Dijon airport, financiers paid out more than €3.5 million between 2010 and 2013. At the same time, in Dole, the total contribution of the Jura department reached €2.65 million: with aid paid by other organisations, the total amount of aid to operation reached €3 million.

The financiers of the Dijon airport also paid €3.3 million to an airline company, of which €2.3 million in aid to routes and €1 million for marketing

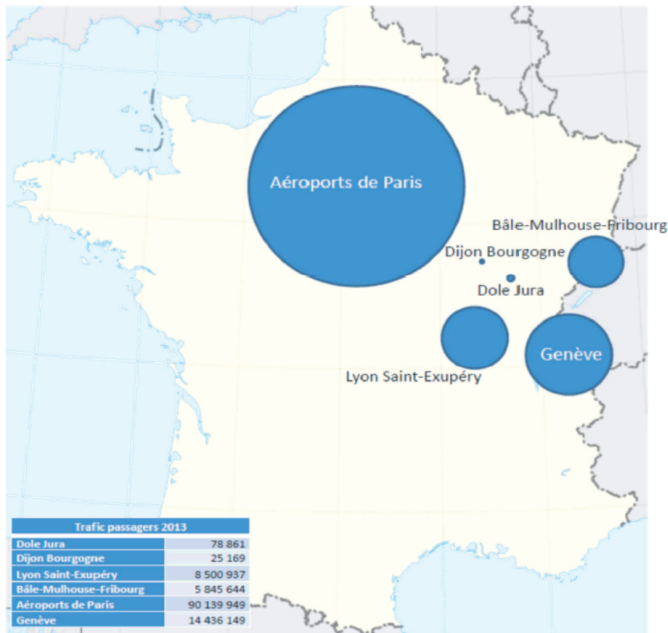
An example of poorly-planned local public investment: the airports of Dole and Dijon

contracts. The Bourgogne region also granted €0.5 million in investment to the company to help its establishment. In the Jura, aid to airline companies amounted to more than €2.5 million between 2011 and 2013. The Jura department chose not to notify the European Commission of the aid paid to the airline companies, exposing

itself to the risk of a repayment demand.

Related to traffic, the subsidies for aid to regular routes in Dijon stood at approximately €45 per passenger transported. In Dole, the subsidies paid to low-cost airlines reached approximately €23 per passenger.

2013 passenger traffic for the main airports concerned by the catchment area for the Dijon and Dole airports



Source : Cour des Comptes, according to data from DGAC

2013 passenger traffic

Dole Jura	78,864	Bâle-Mulhouse-Fribourg	5,845,644
Dijon Bourgogne	25,169	Aéroports de Paris (Paris Airports)	90,139,949
Lyon Saint-Exupéry	8,500,937	Geneva	14,436,149

An example of poorly-planned local public investment: the airports of Dole and Dijon

Two projects in difficulty

Although the financiers of the Dijon airport had set objectives of 190,000 and 250,000 passengers for 2014 and 2017, the 2013 traffic was less than a fifth of the forecast traffic anticipated for 2012, and even less than that seen in the early 2000s, due to high rates of leakage towards competing airports. The increase in traffic at Dole exceeded contractual forecasts, given the repositioning on low-cost flights, and reached approximately 100,000 passengers in 2014. Although the combined traffic of both airports has increased, it is nevertheless below 150,000 passengers and remains a long way off the threshold identified by the Cour des Comptes in 2008 as being able to generate a gross operating profit. Lastly, aircraft load factors have proved disappointing at both airports, with the exception of two routes.

As such, these airports have not managed to generate a gross operating profit excluding subsidies. The financial situation of the Dijon airport, which is particularly weak, has meant that its financiers have had to increase their management of deficits which were initially designed to be dimini-

shing. In the first half of 2014, some decided to bring their participation to an end, which spells death for commercial activity at Dijon.

At both Dijon and Dole, the economic benefits have not been accurately measured. The number of jobs created is low with regard to the aid paid, and hotel and catering services have not undergone substantial changes. In Dole, the low economic benefits due to insufficient use by foreign travellers partly explains the decision of the Franche-Comté region not to pay any subsidies in 2015.

The supply of airport services in the regions concerned must be rationalised, against the backdrop of the closure of air base 102 (Dijon) in 2016 and a merger of these regions. Whether it is even appropriate to develop a single inter-regional airport is questionable. The potential continuation of development of an airport may only be envisaged based on an economic model that is founded upon realistic budget and traffic assumptions, after studying an alternative scenario that takes into account the service provided by competing airports and the budgetary restrictions of financiers.

Recommendations

The Cour des Comptes issues the following recommendation to the local authorities and public bodies concerned:

► bring support for two facilities to an end and plan an alternative scenario to the development of air service, based on the possibilities of modal transfer (rail, road) and on the service of the large neighbouring airports.