

2017 ANNUAL PUBLIC REPORT

Follow-up of recommendations

Summaries

These summaries are intended to facilitate the understanding and use of the report produced by the Cour des comptes.

Only the original report is legally binding on the Cour des comptes.

The responses of the administrations and government authorities concerned appear after the report.

The order of the summaries corresponds to the order of the chapters of the report.

Introduction

The Cour des Comptes ensures that public funds are used properly. It examines public management, policies and accounts and rules on their compliance with the relevant rules, laws, regulations and standards and on the efficiency and effectiveness of actions taken

In addition to its core duties, since the start of this century the Cour des Comptes has been meeting two further complementary and regular needs: for recommendation of solutions to the problems it identifies and for monitoring of how public policy-makers follow up those recommendations.

Parliament has gradually turned these needs into duties that the Cour des Comptes must now fulfil.

It consequently produces recommendations as an automatic part of its work and regularly reviews how they have been followed up. The regional and territorial chambers of accounts have done the same since 2013 - an approach voted into the Law of 7 August 2015 on the new territorial organisation of the Republic, which requires the regional and territorial chambers of accounts to produce an annual summary of follow-up reports on their final observations.

The Cour des Comptes review of the follow-up of its recommendations is organised as follows¹:

- audits start with a thorough examination of the responses to the comments made at the end of the previous audit;
- if required between regular audits, a follow-up audit will be carried out. This will look only at the response to the previous audit or will prepare for the next thorough audit;
- finally, the addition by the Supplementary Budget Act of 29 July 2011 of article L. 143-10-1 to the Financial Jurisdictions Code made follow-up an official duty of the Cour des Comptes, creating a particularly ambitious framework for it and imposing obligations on both the recipients of the observations and on the Cour des Comptes itself:

¹ These principles are incorporated in professional standards: Recueil des normes professionnelles, chapter 3 – C, available at www.ccomptes.fr

Introduction

- recipients of final observations by the Cour des Comptes must report to it on how those observations have been followed up;
- based on said reports received, the Cour des Comptes must in its own annual public report set out the follow-up action that has been taken.

This booklet sets out firstly the general results of Cour des Comptes monitoring of all the recommendations it published 2013-2015 (chapter I). It then summarises 10 follow-up investigations it has performed.

The 10 summaries are organised into three categories that are colour-coded to indicate the degree to which the recommendations made by the financial jurisdictions have been implemented:

- category 1 (green) (chapter II): Cour des Comptes notes progress (1);
- category 2 (orange) (chapter III): Cour des Comptes emphasises (4);
- -category 3 (red) (chapter IV): Cour des Comptes warns (5).

Preparation and follow-up of recommendations in accordance with ISSAI 300

The follow-up of Cour des Comptes recommendations and the publication of its work comply with professional standards and the guidelines on best practice for public sector auditors approved by the International Organisation of Supreme Audit Institutions (INTOSAI).

ISSAI 300 sets out the fundamental principles of performance auditing as they relate to the preparation and follow-up of recommendations.

This states that «auditors should seek to provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit». It adds quality criteria. In particular, recommendations must «address the causes of problems and/or weaknesses ... in such a way that avoids truisms or simply inverting the audit conclusions». And «It should be clear who and what is addressed by each recommendation, who is responsible for taking any initiative and what the recommendations mean - i.e. how they will contribute to better performance».

The standard has been transposed into Cour des Comptes professional standards.

Summary

Follow-up of recommendations

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Chapter I

Follow-up of recommendations in 2016



Follow-up of recommendations in 2016

The degree to which Cour des Comptes recommendations published in the last three years have been implemented constitutes the key performance indicator used in the Government's Budget programme (Programme 164 – Cour des Comptes and other financial jurisdictions) for financial jurisdictions.

The indicator reflects the extent (in percentage terms) to which the most important recommendations made over the period have actually been implemented. Effective implementation does not necessarily mean full implementation.

The indicator shows how recipients respond to the main recommenda-

tions made by the Cour des Comptes in its publications: annual public and themed reports and the reports on public finances and accounts required by theorganic laws of 1 August 2001 on the budget Acts (LOLF) and of 2 August 2005 on the Social Security financing Acts (LOLFSS); and Cour des Comptes reports to Parliament, the Prime Minister and ministers (the reports).

The recommendations considered in the 2016 follow-up investigation were made in the final reports published by the Cour des Comptes between 1 March 2013 and 28 February 2016, including the 2016 annual publicreport.

Recommendation follow-up indicator for the last three years

	2014 follow-up of 2011, 2012 and 2013 recommen- dations)	2015 (follow-up of 2012, 2013 and 2014 recommen- dations)	2016 (follow-up of 2013, 2014 and 2015 recommen- dations)	2014-2016
Number of recommendations followed up	1 924	1 792	1 623	- 15.6%
of which partially or fully implemented	1 343	1 256	1 168	
i.e.	69.8%	70%	72%	+ 2.2 pts

Source: Cour des Comptes

Follow-up of recommendations in 2016

Following a material rise in the number of recommendations made and followed up by the Court des Comptes until 2014, the 2015 slide continued in 2016 (1 623 recommendations followed up in 2016 vs 1 792 in 2015). While 2012 and 2013 saw a particularly large number of publications with a big impact on the number of recommendations to be followed up in 2014. Publication numbers have fallen off since then.

The recommendation follow-up indicator improved slightly in 2016 (72% of recommendations were implemented in full or in part) after marginal progress 2014-2015. Of the 1 623 recommendations followed up in 2016, 1 168 were implemented in full or in part.

Six types of rating are used to give as true a picture as possible of recommendation implementation by the administrations concerned and to provide a better understanding of the degree to which each recommendation was implemented over the three consecutive follow-up years.

Rating of recommendations followed up in 2015 and 2016

Rating	Number of recommendations in 2016	i.e.	Number of recommendations in 2015	i.e.
Fully implemented	405	24.9%	491	27.4%
Implementation in course	513	31.6%	461	25.7%
Incomplete implementation	250	15.4%	304	17.0%
Not implemented	316	19.5%	367	20.5%
N/A	21	1.3%	27	1.5%
Implementation rejected	118	7.3%	142	7.9%
Total	1 623	100%	1 792	100%

Source: Cour des Comptes

Chapter II

Progress noted by the Cour des Comptes

1. Outsourced processing of visa applications abroad: a successful reform that must be built on



1 Outsourced processing of visa applications abroad: a successful reform that must be built on

A necessary, cost-cutting reform for the public finances to deal with rising demand for visas

2010-2015 the number of visa applications handled by French diplomatic and consular services across the world saw a particularly strong rise of over 50%, especially in emerging countries, from 2.2 to around 3.6 million.

France, like other countries, has therefore outsourced the processing of visa applications. While consulates are still responsible for actually checking applications and deciding whether to grant visas, private providers now prepare the applications for a fee paid by the applicants themselves. Capped at €30, this fee is in addition to the registry fee (€60 for a short-term Schengen visa) paid to the Government. Outsourcing part of the process has proved an economical solution for the public purse since

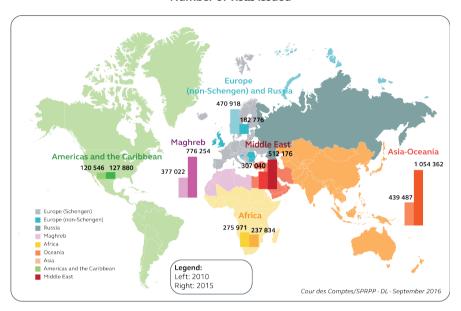
the cost is paid by the applicants themselves.

In 2015, 70 outsourced centres collected applications, along with around thirty consular offices that had sub-contracted the arrangement of appointments only. Some centres are located in towns that previously had no consulates, meeting the demand for a local service and completing the consular map.

Although the set-up and operation of the outsourced centres has been at no additional cost to the Government, this is not the case for the biometric data collection required under the Schengen Agreement. France uses BIONET, an application that had to meet data security specifications before it could be used in outsourced centres. The cost of installation to the public purse was around €15 million 2010-2015. At the start of 2015 and the introduction of biometrics in China, India and Russia, around 300 stations were in place world-wide.

Outsourced processing of visa applications abroad: a successful reform that must be built on

Number of visas issued



Source: Cour des Comptes based on Ministry of Foreign Affairs and International Development (MAEDI) data

Outsourcing has reduced the number of extra staff needed to cope withapplications. The consular services thus benefited from the 1 200 agents hired by the outsourcing companies, or in other words in 2015 from 1 200 members of staff that the Government did not have to recruit or train.

A reform that redefines sovereign duty

Visa issue is a sovereign duty by its very nature. The sharing of tasks and responsibilities between Government and the private operator as a result of the reform has led to the production of a set of procedures common to all consulates and to identification of the tasks that can be delegated.

The legal framework for outsourcing is now established. Although competitive tendering did not always occur in the first few cases, it has become the rule as even contracts awarded abroad must comply with public procurement principles.

However, the proper collection of registry fees by providers remains a problem. The Law of 20 December 2014 permits the Government in certain circumstances to instruct a private third party to recover certain items of public revenue, including registry fees. Mandate agreements have been signed with the operators that set out their obligations formally and in detail. But the legality of these agreements depends on issue of a decree that will implement the Act. Even though this is required in

Outsourced processing of visa applications abroad: a successful reform that must be built on

the Act itself, no such decree has yet been issued.

With regard to the management and control of outsourcing in general, the dual supervision exercised by the Foreign and Internal Ministries, sometimes cumbersome. does ensure proper management of the visa system. It has led to the development of procedures and documents that are common to all consulates. The Cour des Comptes has however found that the in situ inspections of private operators by the consulates and central administration audits cannot on their own ensure that centres are complying in full with their duties to protect and keep safe the personal data they handle.

A successful reform with a doubtful future

The original criticism of outsourced processing of visa applications was triggered by fear of job losses in consulates, by the hesitant start to outsourcing and by its repercussion on the cost of visas to applicants. The reform has today achieved its aim of freeing up consulates to do other work and of offering far better quality service. Consulates can now focus on their core business while at the same time meeting their 48-hour visa issue

target. More efficient visa issue has helped enhance the attraction of France both economically and also as a tourism destination.

Fluctuating demand for visas and technological change are however leading to concern about the future. 2016 saw a marked drop in the number of applications (around 8%). It therefore cannot be assumed that the strong growth in visa applications over the last decade will continue into the future.

Technological change is also raising questions about whether outsourcing to private centres can continue in its current form. The France-Visas system that is to be deployed in all French diplomatic and consular services by 2018 will manage visa applications on line. Digital passports and digitised supporting documents will allow paperless processing of visa applications since all documents will be submitted and processed electronically.

A paperless process therefore raises questions about the role of outsourced centres and about how many can be maintained - even if they continue to provide the public with services the consulates are no longer able to offer: assistance using the internet portal, collection of biometric data, submission and return of passports, etc.

Summaries of the Cour des comptes 2017 Annual Public Report

Outsourced processing of visa applications abroad: a successful reform that must be built on

Recommendations

- 1. give the collection of registry fees by private providers a legal basis, as required by the Law of 20 December 2014 on simplifying the life of companies and on provisions to simplify
- and clarify the law and administrative procedures;
- **2.** increase effective Government controls of private providers.

Chapter III

The Cour des Comptes emphasises

- 1. Traveller accomodation and support: slow and uneven progress; aims must be redefined
- 2. The big sea port reform: uneven implementation; modest impact and insufficient attraction
- 3. Housing for the homeless: improvement; strategy required
- 4. Rail motorways: an ambition struggling to survive



1 Traveller accomodation and support: slow and uneven progress; aims must be redefined

The duty to provide accomodation to travellers is written into the Law of 31 May 1990 on the implementation of the right to housing, which requires municipalities with over 5 000 residents to provide them with decent and suitable temporary camps{SR}. Ten years on, and having learned the lessons taught by the relative failure of the encampment areas that were created, the Law of 5 July 2000 on the support and settlement of travellers, which offers more incentives, has rebalanced the rights and duties of municipalities and travellers.

In October 2012 the Cour des Comptes assessed this public policy and made 23 recommendations regarding the problems faced by travellers. 22 of these have been acted on in part or in full, primarily through the Law of 25 March 2014 on access to housing and new urban planning and the Law of 22 December 2016 on equality and citizenship.

Slow, uneven progress

Councils regularly create permanent encampment areas. But they cover only 69% of travellers' needs, as identified by host départements. There are still big differences between regions. The reform of site operating aid (ALT 2) abolished flat-rate payments in favour of an allowance based on actual site occupation. This cut the total cost to the Government and the National Family Allowance Fund from €36.7 million in 2014 to €32 million in 2015.

Permanent occupation of short-term encampment areas in violation of their purpose is increasing as the travellers desire for a local base grows. This is mainly because of the precarious finances of some of them, whose income depends largely on RSA (active solidarity revenue), in-work benefit or other allowances, such as disabled adult allowance (AAH). For these households, permanent residence in encampment areas means that they do not have to use sites without any connection to public supply networks (electricity, water...).

The education of traveller children remains inadequate at both primary and secondary levels despite the efforts made by the national education authorities. The National Centre

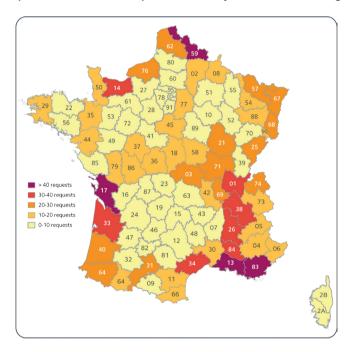
Traveller accomodation and support: slow and uneven progress; aims must be redefined

for Remote Learning (CNED) from secondary level cannot on its own provide apprenticeships or education for these children.

(Mainly summer) big events attract travelling groups of up to two hundred

caravans and continue to be badly managed. Attempts to organise these treks by traveller associations, elected councillors in the host municipalities and département prefects have been unable to prevent a lot local conflicts that remain

Requests for caravan train permits made by Action Grand Passage¹



Source: Cour des Comptes

Aims must be redefined

As needs change, support for mobility can no longer be the unique aim of travellers policy. These are groups of people who wish to retain the caravan as a way of life, even if their caravans no longer movel. The concept of an appropriate housing for travellers therefore needs to be promoted. The law on equality and citizenship takes into account of this change by increasing the duties of municipalities to include

¹ Action Grand Passage (AGP): this is an association that contacts the mayors of the municipalities through which large traveller caravan trains are planned to pass.

Traveller accomodation and support: slow and uneven progress; aims must be redefined

tegration rental loans (PLAI) which equate a caravan with a building. We are therefore gradually seeing a move from settlements provided in the form of public facilities to private housing that are rented or owned outright.

Making up for municipal reluctance to comply with scheme requirements, the law on equality and citizenship has introduced a new prefectural subrogation procedure. Implementation of the procedure is however quite a delicate matter. At the same time, the legal grounds on which travellers can be removed from plot they have unlawfully occupied have increased. Finally, land that does not comply with the Urban Planning Code can now be brought into use if regularised - on a case-by-case basis - in accordance with article L. 444-1

of the Code.

Ordinary law on travellers has developed thanks firstly to the repeal of the special status created under the Law of 3 January 1969 on the regime applying to persons travelling in France without a domicile or fixed abode, and on the other hand to the extension of the domiciliation conditions that has made it easier to exercise social rights. Generalisation of ordinary law rules and procedures must however leave room for special provisions aimed at those travellers who are in precarious situation.

The difficulty in achieving the aims set by the law exposes the organisational and managerial weaknesses of this policy. These are complicated by the considerable, mainly legal, problems faced in collecting relevant documents.

Recommendations

- 1. reset the aims of travelle raccomodation and support policy, taking account of their need for suitable sites;
- **2.** improve traveller support policy management by appointing the Interministerial Delegate for Accommodation and Access to
- Housing as Interministerial Manager, and at local level by expanding the co-ordination duty of regional prefects;
- **3.** at national level work together with the representative associations to co-ordinate the organisation of large caravan trains.



The 2008 port reform was intended to round off previous reforms and to make French ports more competitive.

In an earlier review, published in its 2012 annual public report, the Cour des Comptes highlighted not only progress but also cost overshoots and many compromises.

Now that those problems (financial crisis and social tension) are over, the Cour des Comptes has been able to examine with better hindsight the measures involved in the reform and its impact on competitiveness.

Uneven implementation of the 2008 reform at a potentially high cost

Governance reform and strategic projects have been fairly comprehensively implemented. Their benefits should be retained: a tight decision-making body with independent financial expertise; lessening of conflicts of interests; joint development of strategic projects. The strategic projects have, however, proved of limited impact and advances could have been greater - particularly the enforcement of the code of ethics.

The implementation of other measures has been either laborious or remains largely outstanding.

Equipment transfer has proved expen-

sive and some ports have retained a maintenance business, contrary to the aims of the reform. There have been problems setting up and implementing terminal agreements.

Implementation of social aspects has been long and hard because of the negotiation of the unified national collective agreement (CCNU), and of the negotiation on work arduousness, and its cost could be high. The CCNU now covers all personnel in all ports though was originally intended to apply only to those transferred to port handling companies. It also relies essentially on seniority-based pay increases and thus reduces ports' ability to manage their own labour costs. The aim of unified control by handling companies of the drivers. maintenance operators and dockers (transferred in 1992) has not been achieved despite expensive incentives. Only 53% of the operators in question are now employed by handling companies. Of these, only 3% have actually been transferred and the other 50% have merely been "seconded".

The levers offered by the reform have been little, or unevenly, used.

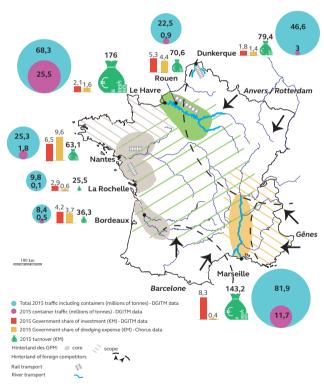
The new planning role given to the ports has come up against the problems of lengthy procedures regarding the trans-

fer of land within ports, and the cost of upgrading rail lines. Moreover not all planned investments in infrastructure have been made.

The tools for inter-port co-operation have materialised only in the case of the Seine Axis since the Atlantic ports took no interest in them.

The supervisory authorities have not created any indicators for calculating the total cost of the reform. The reviews requested by the Cour des Comptes and supplied by a few ports are incomplete but the figures shown are already high and close to the annual turnover of the ports concerned.

Varying features of the seven French big sea ports

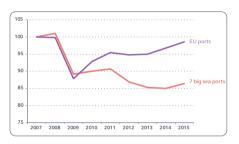


Source: Cour des Comptes based on DGITM, Chorus, OCDE and CGEDD data

Performance and competitiveness targets still not met

The performance and competitiveness targets have not yet been met, as traffic and attractiveness make clear.

French big sea port traffic vs. big European port traffic (base = 100)



Source: Cour des Comptes based on DGITM and Eurostat data

In its 2012 annual public report the Cour des Comptes noted that traffic at the seven biggest sea ports (GPM) fell almost 10% 2007-2010, at the time probably as a result of the 2009 global financial crisis and the problems encountered in implementing the port reform. But while traffic has continued to drop in France, it has started to rise again in Europe. Factors not attributable to the reform (drop in hydrocarbon traffic and de-industrialisation) can account for only part of the fall.

The attractiveness of the big sea ports is harder to analyse since it depends on a number of different factors: not just service pricing but also customer non-price expectations (assurance that they will not be locked in the port in the event of conflict, faster unloading and transit times, range of logistics services offered, etc.). Within Europe, the positioning of French ports in terms of port transit costs varies

depending on traffic, while the non-price efforts made to improve competitiveness have yet to bear fruit.

Further change required

Priority must be given to two financial levers.

Firstly, port transport links must be able to cope with forecast traffic. 2014 rail freight was down on 2006 (-16% vs + 30% for river traffic and + 32% for road haulage). This must become a priority if French ports are to become more attractive and the timetable of works to 2020 on the Serqueux-Gisors line and 2030-2050 on the new Paris-Normandy line must consequently be speeded up.

Secondly, property management must become more dynamic and professional in order to improve the financial footing of the ports and to give them less volatile financial resources than port tax. Property income today accounts for only 25% to 35% of port turnover (vs over 40% at Antwerp and Rotterdam). The amount of property that could be used is significant (32% of total man-made property) but pricing policy is out of date and unsuitable. Some recent new thinking on this point should be followed up and supported better by the supervisory authorities.

Inter-port co-operation between GPMs and their neighbours (decentralised and other ports) has begun with major port groups: the HAROPA EIG on the Seine Axis (Le Havre, Rouen and Paris), Medlink on the Rhone Axis (Marseilles, Sète and river ports),

Ports Hauts de France (Dunkirk, Calais, Boulogne and inland ports). Their long-term added value remains yet to be seen but these new cooperation schemes seem better able to publicise French ports, to use economies of scale to make them more competitive and to offer integrated logistics in potentially competitive ports. We should continue down this path.

Finally, Government must make clear what its strategic choices are. The big sea ports do not form a homogenous group. Some serve a large hinterland and have the potential to compete with the big European ports (Le Havre or even HAROPA, Marseilles and Dunkirk). Others, namely those on the Atlantic coast, do not. These differences in GPM challenges and positioning must be reflected in the national port strategy and in Government contribution to GPM financing, which is not currently the case. As the Government's financial resources dwindle, it should focus on investments that will make France's big sea ports more competitive and of real benefit to the nation.

Recommendations

- 1. review the national port strategy in order to identify ways of closer co-operation between ports and investment priorities;
- **2.** prioritise the improvement of rail services to the biggest sea ports (Le Havre and Dunkirk);
- **3.** improve property management by increasing revenue and making big sea port management more reliable;
- **4.** obtain and update declarations of interest in accordance with regulatory deadlines and criteria and in a format that enables them to be analysed by mid-2017.



141 000 people were homeless in mainland France in 2012. Their number had risen 44% on 2001. They now include more women, children, foreigners, active workers and graduates.

The main aim is to get them into secure housing as quickly as possible, with social support if required. In cases of medical, psychiatric or social distress emergency accommodation remains subject to no conditions.

The results of the public policy on emergency accommodation have improved.

The Government is responsible for providing accommodation for the homeless and spent €1.98 billion on this in 2016 (+56.6% in six years).

The main focus has been on supported housing, a sector in which the number of places rose 128% to 215 750 in the period 2009-2015.

General schemes

Accommodation (emergency accommodation centres, hotel stays, etc.): reception, which is usually for short periods only, does not include leases or payment of rent but may involve some financial contribution.

 Housing (social residences, homes for young workers, etc., ordinary sub-lets and suitable managed rentals): reception is short-term or for longer periods, with those housed paying rent or making a contribution, depending on their income.

The national reception scheme (DNA)

Reception centres for asylum seekers (CADA), temporary and long-term emergency accommodation for asylum seekers (HUDA), and temporary Asylum Service reception places (AT-SA): these are not available to people who have not applied for asylum or whose applications have been rejected.

Number of available and funded places (2009-2015)

Nombre de places	2009	2010	2011	2012	2013	2014	2015
Supported housing	94 653	99 665	126 492	134 199	185 583	209 749	215 750
Emergency accommodation	70 120	72 268	75 574	82 288	93 591	103 866	112 366
Total	164 773	171 933	202 066	216 487	279 174	313 615	328 116

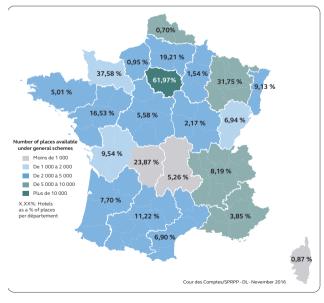
Source: Cour des Comptes based on data from the Interministerial Delegation for Accommodation and Access to Housing (DIHAL), April 2016, based on the AHI survey of the Directorate General for Social Cohesion (DGCS)

General emergency accommodation has also increased, as has accommodation specifically for asylum seekers. But 40% of asylum seekers were still not being housed in this emergency accommodation in January 2016.

The humanisation plan launched in 2009

has improved conditions in emergency and stabilisation facilities. Those housed are more often involved in the life of the community. There has been progress in the prevention of evictions and in the recovery by perfects of their social housing quotas. Finally, €12 million was spent on slum clearance 2012-2015.

Distribution across France of places available at 31 December 2015 under general schemes (including hotels)



Source: Cour des comptes

At the same time, accommodation periods have lengthened and people are less often returned to the streets after a night in a shelter.

Finally, a SIAO (integrated reception and orientation service) has been set up in three-quarters of the départements to manage all places in accommodation and supported housing. This has increased occupancy.

The economic crisis and the international situation is however limiting the impact of the efforts made so far.

Monetary poverty went up 12.6% 2008-2014 and now affects 8.8 million people, or 14.1% of the population of mainland France. This has pushed up the number of homeless.

No SIAO today has sufficient places. In 2015, Insertion 75 was able to meet fewer than one request in five for accommodation.

The supported accommodation and housing offered is still not entirely suitable. In the first half of 2016, nights in hotels (costing €234 million in 2015) rose a further 8%.

At the same time, the number of people seeking asylum in France increased 27% 2012-2015 to over 80 000 in 2015. Initial applications for asylum went up 15% in the first half of 2016. Combined with the number of rejected asylum seekers who remain in France, this has helped drive emergency accommodation to saturation.

As part of the European scheme for relocation, France has agreed to accept 19 714 asylum seekers from Greece and Italy. On 1 September 2016, 1 658 people were being accommodated on this basis.

Since the end of 2015 the clearance of the Lande site in Calais has led to the opening of new reception and orientation centres (CAO) across France at an estimated cost of €25 million in 2016. These centres also accommodate people evicted from the camps regularly set up in Paris.

The emergency accommodation policy requires tighter management and better co-ordination with the other policies that affect demand.

There is still little understanding of the homeless and their needs. Spending needs are regularly under-estimated and emergency loans have to be given during the year. But partner, mainly voluntary, organisations are forced to seek cash advances, which does not make it easy to establish clear financial relations with them.

Co-ordination among the various Government stakeholder services must also be improved. The Ministry of Health in particular should be more deeply involved.

Accommodation policy for the homeless depends on other public policies, such as child welfare. On leaving the facilities that have looked after them so far, young adults often find themselves on the streets. The same applies to people leaving prison and unaccompanied foreign minors. Asylum policy also impacts emergency accommodation.

Very large numbers of unsuccessful asylum seekers are accommodated under the general scheme.

Finally, not enough very low-cost housing is being built. People on very low incomes are therefore remaining too long in emergency accommodation, creating bottlenecks in reception facilities and growing the need for new places.

Recommendations

- **1.** prioritise supported housing over emergency accommodation when housing the homeless;
- **2.** speed up the recovery by prefects of their social housing quotas;
- **3.** quickly set up one SIAO (integrated reception and orientation service) per département;
- **4.** develop a tool for the anonymised, statistical monitoring of the profiles served;
- **5.** ensure the initial Budget Act includes sufficient funds to meet

forecast financing needs, both for asylum seekers and also for general schemes:

- **6.** create a national co-ordination system to manage accommodation for people evicted from the illegal camps regularly set up in Paris since mid-2015;
- **7.** prioritise the building of very low-cost housing, preferring PLAIs as the home loan assistance method.



Rail motorways: an ambition struggling to survive

Rail motorways, which combine rail with road transport, use the modal method to carry entire lorries or unaccompanied semi-trailers on specially designed trains that run to regular timetables. The aim is to encourage hauliers who are not multi-modal specialists to abandon the roads in favour of transit journeys.

France has two rail motorways. Since 2003 Autoroute Ferroviaire Alpine has run through the mountains connecting Aiton in France with Orbassano in Italy. Since 2007 a long-distance transit motorway has connected Le Boulou near Perpignan with Bettembourg in Luxembourg. The Cour des Comptes' initial audit of both rail motorways in its 2012 annual public report was repeated in 2016 but this time also included the projects to extend the network along the Atlantic coast and between Calais and Perpignan that had come on line since the 2012 report.

Major French ambition

The development of rail motorways is one of the objectives to come out of the 2009 Grenelle Environment Forum, along with the national commitment to rail freight. By helping modal transfer to rail, the creation of a high-frequency rail motorway network

was intended to carry 500 000 lorries by 2020 and reduce CO2 emissions by 450 000 tonnes a year.

Autoroute Ferroviaire Alpine: a highly subsidised, loss-making business - stagnant traffic levels

Created under a Franco-Italian agreement in 2003. Autoroute Ferroviaire Alpine was initially an experiment that the European Commission agreed to subsidise on a temporary basis. Following the 2009 failure of the plan to turn the rail motorway into a concession, in 2015 the European Commission agreed to allow the scheme to continue until 2018. The motorway, which is 53% subsidised, has been unable to gain momentum. Traffic has peaked at under 30 000 vehicles a year, or 2% of the HGVs crossing the northern Alps. Questions remain about the future of this heavily subsidised experiment that both countries are managing without any great display of enthusiasm.

Managed since start-up in 2007 by Lorry Rail, a Luxembourg company whose majority shareholder is SNCF, AFPL has long been handicapped by the track work needed for its wagons.

Rail motorways: an ambition struggling to survive

The works are coming to an end but train frequency is still blighted by particularly complex traffic procedures and restrictions caused by works on the network. The rail motorway, which is not subsidised, has recently

achieved rather fragile breakeven by gradually lengthening its trains to cut costs per unit. Carrying 40 000 semi-trailers a year, AFPL traffic accounts for only about 6% of all HGV traffic on this north-south route.

French rail motorway networks (in service and planned)



Source: General Directorate of Infrastructure, Transport and the Sea (DGITM)

Rail motorways: an ambition struggling to survive

The projected Atlantic rail motorway - a costly failure

As the Grenelle flagship project, the Atlantic rail motorway was intended by 2013 to connect the Basque country to the north of France 1000 km away. Despite major Government commitment, from the time of its launch in 2007 the project was faced with the not entirely favourable or totally unfavourable opinions of many of the technical committees consulted and with strong opposition from the Municipality of Tarnos where the terminal was to be built. It was therefore abandoned in this form in 2015. Of the around 70 million euro in public funds committed, the Cour des Comptes has calculated that around forty million have been spent, constituting a total loss on the project even if it is to be revived as planned with a terminal located in Vitoria in Spain.

The Calais-Le Boulou rail motorway: a promising project but a slow starter

A new rail motorway linking the port of Calais to a terminal in Boulou was inaugurated at the end of March 2016 to exploit potential cross-Channel lorry traffic and the investment already made in infrastructure for the AFPL line, which is largely common track. By using new generation wagons that can run on all European rail track without alteration to rail gauge, the new rail motorway is already looking to extending as far as northern Italy. However, the security situation in Calais put an indefinite end to the service three months after its start.

Results far from declared ambitions and significant cost

In 2015 rail motorways carried around 70 000 lorries, or just 4% of total rail freight. Even though this figure was lifted to 110 000 lorries with the addition of the Calais-Le Boulou line. it remains far from the 500 000 target set at Grenelle. Rail motorway expansion is weak when compared to the dynamic competition it faces from the road. The French rail network is unsuited to this form of traffic and there is no equivalent of the strong incentives offered to hauliers in Switzerland. The Cour des Comptes has estimated that €213 million in public funds have been spent on developing rail motorways since 2010 and regrets that the environmental benefit to the community, which is the justification for that development, has not been calculated by Government.

Recommendations

- **1.** by 2018 put Autoroute Ferroviaire Alpine under concession and continue reducing its subsidies;
- **2.** assess the socio-economic and environmental benefits to the community of the Perpignan-Luxembourg rail motorway.

Chapter IV

Cour des Comptes warns

- 1. ONEMA: the success of its integration in the French Biodiversity Agency is at stake
- 2. Support for tobacconists: stop income support, review relations between Government and tobacconists
- 3. CIPAV (Interprofessional Welfare and Pension Fund for the Liberal Professions): service quality remains mediocre, urgent reform required
- 4. Social policy at the Directorate General for Civil Aviation: high-cost stagnation
- 5. Ajaccio and Bastia Hospitals: finances compromised by pay rises unrelated to performance



1 ONEMA: the success of its integration in the French Biodiversity Agency is at stake

The Cour des Comptes audited ONEMA in 2016, four years after its previous audit and a few months before ONEMA merged with AFB (the French Biodiversity Agency). We discovered that implementation of the recommendations we made four years previously had been extremely sketchy. Caution is therefore required. AFB must implement immediately all reforms not made before 2017.

AFB must improve human resources management

In order to overcome its recruitment problems, between 2012 and 2016 ONEMA made massive use of exceptional forms of recruitment, such as short-term contracts and secondment under contract, but did not abide by the changes made in regulations in September 2015. The forms of recruitment common within ONEMA must therefore change in AFB.

The Cour des Comptes also discovered that pay rose sharply within ONEMA 2012-2016. The Court therefore calls for vigilance on the matter of pay within the new Agency, since pay commitments were given before the merger.

Finally, the organisation of AFB working hours must be revised. The

Cour des Comptes does not believe that allowing personnel from the new Agency to opt for the four-day week inherited from ONEMA will allow the Agency to fulfil its duties correctly.

The geographic organisation of the new Agency must be rationalised.

The number of offices inherited from the merged institutions must be reduced. At the end of 2016 ONEMA alone had 113 offices, too few of which were shared with other bodies. Pooling AFB local services with those of ONCFS (National Hunting and Wild Fauna Agency) could solve this problem.

The Cour des Comptes also regrets that the public authorities have not made a priority cutting the number of offices a priority and that the three head office locations inherited from the merged institutions have been retained.

Within the network resources must be re-allocated to match duty requirements, especially water police enforcement.

Even by 2016 ONEMA had been unable to allocate local personnel on the basis of the delicacy or complexity of actual duties. AFB must therefore allocate its human resources among

ONEMA: the success of its integration in the French Biodiversity Agency is at stake

its local departments in a way that will reduce geographic inequality.

These problems (e.g. cutting the number of personnel on the ground and assigning them to head office) have had a detrimental effect on water police enforcement, that has provoked a

stagnation in the number of inspections between 2012 and 2016. The Cour des Comptes also recommends a review of the water policing indicators since at present they do not do not permit correct measurement of «inspection pressure».

Number of annual inspections



Source: Cour des Comptes based on ONEMA data

Recommendations

- **1.** put an end to the four-day week when setting up AFB (repeat recommendation);
- **2.** select one single AFB head office;
- **3.** reset water policing indicators to define and measure «inspection pressure».



2 Support for tobacconists: stop income support, review relations between Government and tobacconists

Since 2004 the Government has been giving tobacconists special support to offset the impact of falling tobacco consumption (a health policy aim) on their income. The support has taken the form of a number of measures that still form part of three «future contracts» covering the period 2004-2016 and one protocol agreement for the modernisation of the tobacconist network covering the period 2017-2021 and signed on 15 November 2016.

The Cour des Comptes estimated in its 2013 public report that the cost was disproportionate to the impact felt by the tobacconists worst hit by falling sales. The new protocol agreement takes very little account of the 2013 recommendations.

Schemes are still numerous and unfocused

The measures funded through the State budget include direct income support and other aid, such as the contribution to RAGVT (the tobacconist life annuity regime), tobacconist security support, support for retail diversification and retirement ormobility support. The cost to the public purse has fallen during the three "future contracts" from € 1 419.2 million on the first future contract 2004-2007, to € 908.8 million on the

third 2012-2015, but the total cost (€ 3 493.5 million over twelve years) is not insignificant for the 25 492 tobacconists existing at the end of 2015.

Government also supports tobacconists by fixing the proportion of tobacco sale price that they keep. The third future contract introduced a gradual increase of this proportion (the «net rate of return»), which increased by 0.4% for cigarettes between 2011 and 2016. As a result, despite falling French tobacco sales and rising cigarette prices, tobacconists' income from tobacco sales continue to rise: the income between 2012 and 2015 was one-third higher (\le 1 233.2 million) than between 2004 and 2007 (\le 908.5 million).

The protocol covering the period 2017-2021 provides for an unprecedented increase in the net rate of return from 6.9% of the sale price at the end of 2016 to 8% in 2021.

A dubious support policy

The support policy, which was legitimate in 2000 when the Government began to take vigorous action against smoking and tobacconists needed to be supported as they turned to other sources of income, is now dubious for several reasons.

Support for tobacconists: stop income support, review relations between Government and tobacconists

The apparent commitment of the profession in the "future contracts" and protocol agreements is not what it seems. The only commitment given by the profession is to fight against illicit trafficking as part of a scheme that does not work. The "contracts". which have attracted much media attention, account for only half the State aid to tobacconists since 2004. The additional return (which accounts for 30% of the financial support given in the three future contracts) and the Government's contribution to RAVGT (€900 million since 2004) are not mentioned

Secondly, the drop in Government support is misleading. The reduction in subsidies over the course of the three future contracts has been more than offset by the rise in net return. 2012-2015 the net rate of return was in total almost three times higher than the drop in income support. This will be increased by the 2017-2021 protocol agreement, which will lift the net rate of return from 2017 by + 0.6% on cigarettes and + 0.5% on cigars and cigarillos. Furthermore, in 2016 State support for RAVGT in the form of budget appropriations stopped but has been replaced by a deduction in the same amount from consumption tax revenue.

The support policy is further being implemented blind without enough control or targeting by the authorities. Fraud has been discovered in tobacconist security support, and retirement bonuses have been used opportunistically by some tobacco-

nists. The authorities do not have the resources to monitor tobacconists' total income, even though business diversification and support for failing tobacconists are mentioned in the three future contracts and the recent protocol agreement as the main aims of Government support.

Finally, the continued primary focus of the policy on supporting income from tobacco sales the policy makes no financial sense. At constant tobacco consumption rates, in 2017 the rise in the net rate of return will mean that the average income of tobacconists will go up $\,\leqslant\,4$ 550 (over 8%) through tobacco sales alone. This gives tobacconists no incentive to diversify. By massively increasing the net rate of return, the policy is firstly benefitting tobacconists with the most dynamic tobacco sales and not those most hit by falling sales, who it is supposed to be helping.

At a more general level, the continuation of a policy for supporting tobacconists 12 years after it was first introduced is inconsistent with the Government's policy of fighting against the use of tobacco.

A support policy requiring thorough review

Overall and despite a few advances, such as using 2012 as the date for setting the compensatory rate of return, the Cour des Comptes believes that improvements in the income of tobacconists and the tobacco retail network should have halted the three income support schemes (under

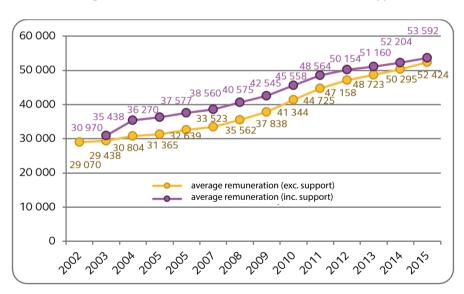
Support for tobacconists: stop income support, review relations between Government and tobacconists

the 2017-2021 protocol agreement just one was halted, the other two were amended) and put a complete end to the rise in the net rate of return. The measures decided at end 2016, which will apply until 2021, take no account of the actual needs of those tobacconists who are facing real hardship, and are unsuited to the main aim of moving tobacconists to other work.

The special status of tobacconists as Customs officers creates a special relationship between the State and the profession that does not help promote this inevitable change.

The Cour des Comptes therefore invites the public authorities to review the organisation of tobacco retailing, including Customs officer status, in order to improve efficiency and bring it better into line with public policy. It also invites them to reconsider immediately and without waiting for 2021 the provisions of the 15 November 2016 protocol agreement with the aim of introducing a policy with totally new objectives, managers and tools.

Average income from tobacco sales without Government support



Source: Cour des Comptes based on Customs data



1 CIPAV (Interprofessional Welfare and Pension Fund for the Liberal Professions): service quality remains mediocre, urgent reform required

CIPAV is the biggest of the six divisions of CNAVPL (National Pension Fund for the Liberal Professions). In 2015 it had 540 000 contributing members and 84 000 receiving pensions. It covers a number of regulated professions (architects and surveyors), consultants and over 300 very wide-ranging liberal professions. It also covers over 320 000 micro-entrepreneurs.

In its 2014 public report the Cour des Comptes noted serious failings in the quality of the service provided to insured. It also noted major shortcomings in the management of Groupe Berri, which provides joint support to CIPAV and three other funds. We recommended immediate and full restructuring.

The latest Cour des Comptes audit shows that there has not been full implementation of this recommendation. Despite patchy progress, the quality of the service given to insured remains unsatisfactory. The transfer of certain professions from CIPAV to RSI (the social security regime for the self-employed) consequently seems precipitate and risky and its timetable is uncertain since the 22 December 2016 decision of the Constitutional Court on the 2017 Social Security Budget Act.

Late and incomplete remedial action

Reaction by CIPAV and its supervising authority to the serious findings of the Cour des Comptes was slow. Instead of taking immediate action, a new audit was commissioned. No recovery plan was produced until January 2015. While this did make some necessary improvements - in areas where they were easiest to achieve and that would produce quick wins (e.g. the financial management of €4.2bn in reserves, the monitoring of property assets and upgrading to public procurement rules) - remedial action was incomplete and not insufficiently prioritised. In addition, implementation was hindered by the chaotic breakdown of Groupe Berri when its members broke free even though some did not have the critical mass needed to survive on their own.

Continuing problems with services to users

Despite some improvements, service quality still does not meet requirements. Telephone reception is getting better but still requires work. Mail processing times have generally fallen but there is still a large backlog awaiting attention. Results fall short of those achieved by other CNAVPL funds and of user expec-

CIPAV (Interprofessional Welfare and Pension Fund for the Liberal Professions): service quality remains mediocre, urgent reform required

tations. Waiting times for the start of pension payments have fallen but remain extremely high for survivor's pension. Recovery action, which had been generally abandoned, has resumed but CIPAV is struggling to cope with the rise in the number of resulting disputes. The self-employed, who until 2015 were subject to strictly interpreted contribution rules, have not had their full rights restored, as the Cour des Comptes also pointed out in 2014.

CIPAV's long-term recovery is hindered by the weakness of its tools, especially its IT system, the upgrade of which remains far in the future. The fund also has many problems caused by the unreliability of the data on its insured and this compromises its work in general. Almost 20 000 people who liberal profession income to the URSSAF and who should be CIPAV members, are not.

A precipitate and risky reform: demanding success criteria

The 2017 Social Security Budget Act will by 2018 or 2019, depending on the profession, move new members of most liberal professions that are not regulated by CIPAV to RSI. The Act also gives people in those same professions who are already insured through CIPAV the right to transfer to RSI on certain conditions.

The reform was decided without consultation or previous study only three months after the signing of a multi-year target-based contract between the Government and CNVAPL. The contract makes no mention of the reform. The end result is that insured will be moved from a problem-ridden fund to a body still suffering from the 'industrial catastrophe' caused by the creation of a single social contact for freelance workers, and could further destabilise both institutions. Success will be possible only if the two institutions each step up work on their own rehabilitation and quickly decide the professions each will cover; and if the supervisory authorities provide constant support, especially toensure the reliability of the data held on insured. In addition, this must not prevent identification of the improvements each institution must make to its management and to the quality of its service. The 22 December 2016 judgment of the Constitutional Court, which requires changes in the law and regulations on the criteria for membership by the professions of these organisations, will however slow down the reform and casts doubt on the options selected for the rehabilitation of CIPAV.

CIPAV (Interprofessional Welfare and Pension Fund for the Liberal Professions): service quality remains mediocre, urgent reform required

Recommendations

- 1. make the reliability of the data on CIPAV members a joint priority of the supervisory authority, CIPAV and the other bodies concerned (ACOSS, RSI);
- **2.** quickly clarify the professions each body covers;
- **3.** take all necessary resulting action by amending the multi-year target-based contract between the
- Government and CNAVPL and by detailing in the new-scope management contract between CNAVPL and CIPAV the aims, timetable and service quality results expected from the updated rehabilitation policy;
- **4.** restore the rights of the self-employed for the period 2009 to 2015 (repeat recommendation).



4 Social policy at the Directorate General for Civil Aviation: high-cost stagnation

High cost and lax management

The DGAC (Directorate General for Civil Aviation) social policy covered 10 601 officers (FTE) in 2015. While voted appropriations totalled €9.14 million, total spending on social policy was €12.81 million, a 40% overshoot. There has been no calculation of operating expense since the last audit by the Cour des Comptes.

In 2015 the average cost of social policy was \in 1 208 per DGAC officer, among the highest in the public service. The social policy is also expensive to run when compared with pay-outs as management fees total \in 4.7 million and services \in 8.13 million (57.8%).

Estimate of the full cost of the social policy

En M€	2012	2013	2014	2015
Funds voted in the Budget Act	9,15	8,54	8,64	9,14
Budget Review Act	9,43	8,82	9,00	8,14
Cost of officers allocated to the social policy	2,24	2,55	2,48	2,39
Cost of officers made available to the associations	1,51	1,56	1,47	1,33
Book rents of national associations	0,24	0,25	0,25	0,25
Quantification of ATAS	0,54	0,59	0,66	0,70
Total social policy spending	13,96	13,77	13,86	12,81
Total spending per officer	1 270 €	1 268 €	1 295 €	1 208 €

Source: Cour des Comptes based on DGAC data

A system of local payment management pushes up costs because funds delegated

to regional offices must be spent during the current year. Local social policy committees therefore operate an open-door policy so long as they have money available. In addition, Météo-France service refunds are fixed (€915 000 in 2015) regardless of actual cost. Finally, social policy operates through system of temporary absence permits (ATAS) for voluntary work that has no legal basis. Moreover, since ATAS accounts are badly kept. DGAC has no understanding of how many working hours officers spend on social policy or therefore of the additional indirect costs arising from this practice.

A reform that is missing the target

The three declared aims of DGAC's social policy are solidarity, social cohesion and support for change. In response to the recommendations made by Cour des Comptes, the 2013-2015 protocol included consideration of the need for a new policy «at a time of increasingly tight budgets». However, the change this produced was minimal since the protocol made no change to spending on social policy.

Since there has been no real harmonisation of the responsibilities of CCAS (Central Social Policy Committee) or CLAS (Local Social Policy Committees), governance has not been

Social policy at the Directorate General for Civil Aviation: high-cost stagnation

simplified. Indeed, voluntary associations are now involved in the projects of the CLASs, which no longer act as operator. While some have refused to take on the job, others have agreed, raising legal problems and one major drawback, which is that social policy is essentially dependent on the good graces of the voluntary sector.

There has been change in spending on social policy - «solidarity» costs falling from just over 30% in 2012 to under 27% in 2015 - but three-quarter of current spending is on contract catering and grants to national and local associations to support the voluntary sector, culture and sport.

Tools for monitoring service take-up by category and beneficiary are still unsatisfactory.

A voluntary network that needs rationalisation and better supervision

Previous Cour des Comptes observations on the voluntary associations providing group benefits that are regulated by the Law of 1 July 1901 have not been implemented in full.

For example, ARAMIS (Association for the Implementation of Social Actions and Duties) continues to enjoy the free provision of staff and material resources. It is not sufficiently independent of DGAC. DGAC has told the Cour des Comptes that it will no longer attend management committees and that in return an assessment of results achieved will be made.

Although DGAC is committed to cutting the number of voluntary associations it subsidises, their number remains unchanged (101 local and three national associations) and the agreement with the Aéroports de Paris works council is extremely expensive given the small number of beneficiaries involved within DGAC.

Relations with associations do not, moreover, all comply with legal requirements, particularly provision of staff that should be quantified and repaid, work release for volunteers that is illegal, and multi-year agreements that do not follow the specified model. There should finally be tighter control of the associations. There must be greater emphasis on national associations in terms of reporting their use of grants and assessment of their work.

DGAC social policy has changed little since our last audit. Organisation is still complex and expensive, is not based on any proper understanding of beneficiaries' needs and uses no suitable management tool.

Social policy at the Directorate General for Civil Aviation: high-cost stagnation

Recommandations

- 1. in the budget identify all social policy financing and update immediately the cost of refunding spending on Météo-France based on actual DGAC spending figures (repeat recommendation);
- **2.** refocus social policy on solidarity, in accordance with the priority stated in the three-year social protocol (repeat recommendation);
- **3.** resume the work on cutting the number of voluntary associations (repeat recommendation);
- **4.** end the free provision of personnel and quantify the material resources provided to the associations;

- **5.** end the authorisation of temporary absence for social reasons (ATAS) for officers who are representatives of voluntary associations, or alternatively put this on a legal footing:
- **6.** terminate the agreement with the works council of Aéroports de Paris (ADP);
- **7.** create dashboards to help manage social policy and especially to help monitor service take-up by category and type of beneficiary (repeat recommendation).



5 Ajaccio and Bastia Hospitals: finances compromised by pay rises unrelated to performance

Worsening financial positions despite multiple rehabilitation plans

Despite the repeated recommendations of the Corsican regional chamber of accounts, the deficits of Ajaccio and Bastia Hospitals continue to grow.

The deficit of Ajaccio Hospital rose from €5.5 million in 2010 to €17.6 million in 2015. Over that period it received €69.2 million in operating subsidies. Without this extraordinary funding the deficit would have been €10.5 million in 2010 and €29.6 million in 2015. The situation at Bastia Hospital is similar, with a deficit that has grown from €2.8 million in 2010 to €7.6 million in 2015 despite €25.3 million in operating subsidies, without which the deficit would have been €15.3 million in 2015.

obtained €119.3 million in operating subsidies and extraordinary grants. 2009-2015 Bastia Hospital signed a contract to balance its books, followed by a modernisation and progress plan, which gave it €34.4 million in extraordinary grants. The Government has not only allocated subsidies far in excess of those provided for in the various rehabilitation plans, but when making new grants has ignored the failure by the hospitals to honour their previous commitments, particularly control of spending.

2005-2015 saw three rehabilitation

plans, under which Ajaccio Hospital

Ajaccio Hospital accounts (€M)



Source: Cour des Comptes

Bastia Hospital accounts (€M)



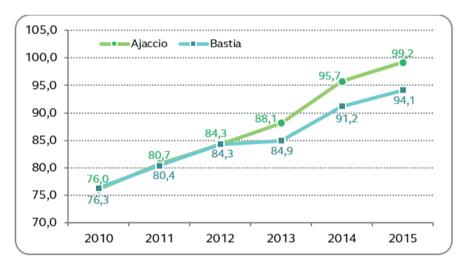
Ajaccio and Bastia Hospitals: finances compromised by pay rises unrelated to performance

The heart of the problem - rising staffing costs

In addition to the (never implemented) measures intended to improve billing and payment for medical procedures, each different plan has included, in

return for aid, a requirement to cut (particularly staffing) costs. 2010-2015 however, staff pay rose €23.2 million at Ajaccio Hospital and €17.8 million at Bastia Hospital without any corresponding improvement in performance.

Staffing costs at Bastia and Ajaccio Hospitals (€M)



Source: Cour des Comptes

The massive recruitment of non-medical staff is the result of high levels of absenteeism, semi-automatic tenure of non-medical contracts and working hours for non-medical staff that are subject to many extremely expensive exemptions. This includes five additional days' leave for staff at Ajaccio Hospital

and six for those at Bastia Hospital. An error in the programming of Ajaccio Hospital's timetable management software also allocated an unearned additional 6.42 days by cutting working hours between 2009 and 2014. The cost to the hospital was €10 million.

Summaries of the Cour des comptes 2017 Annual Public Report

Ajaccio and Bastia Hospitals: finances compromised by pay rises unrelated to performance

Recommandations

Ajaccio and Bastia Hospitals

- **1.** end additional leave that has no basis in regulations;
- **2.** quickly introduce a tool for automatically monitoring working hours.

Government

3. make extraordinary aid conditional on hospital compliance with personnel management regulations, the abandoning of the unlawful grant of unearned benefits and a cut in non-medical staff.