

Summary

of the **Thematic Public Report**

November 2012

Sciences Po: The mismanagement of a vast ambition

■ **Notice to readers**

This summary is intended to help in the reading and use of the report from the Cour des comptes. The Cour des Comptes is answerable only for the report, not this summary. The responses from those departments and organisations concerned by this report appear at the end.



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Introduction

Sciences Po is the name generally used to denote the Institution that groups together two separate entities - the Fondation nationale des sciences politiques (FNSP) and the Institut d'études politiques de Paris (IEP). It is a selective higher education establishment which has expanded considerably over the past ten years. This development has been particularly noteworthy in the numbers of students enrolled, in the manner in which they are recruited, in the internationalisation of the learning pathways, and in the expansion of its research capability.

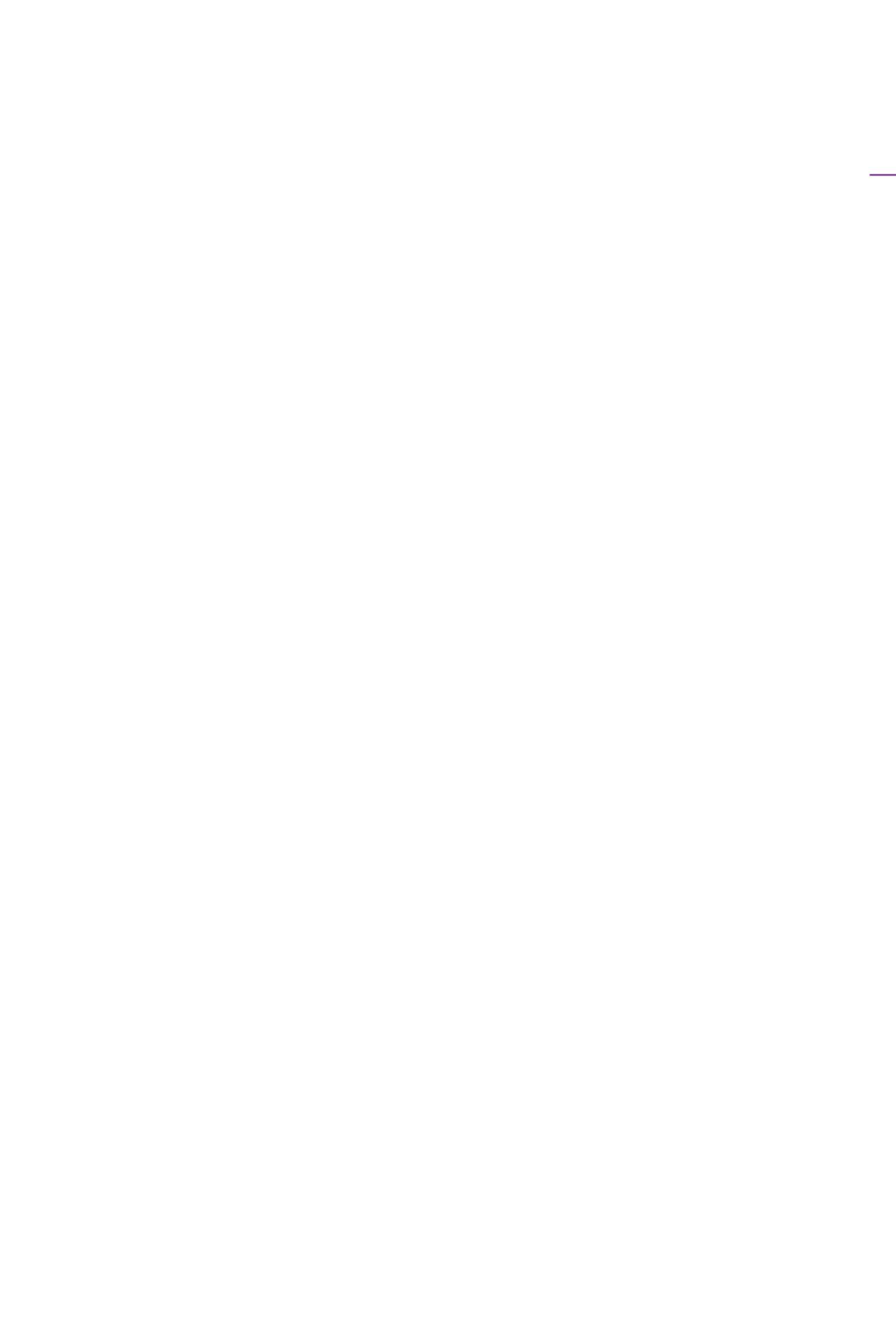
Sciences Po occupies a very special place within France's higher education system. In the area of initial training, it can be considered as an alternative to the 'grandes écoles', with which it has in common the same selective method for student entry and the same system of teaching in small groups. As for research in the humanities and social sciences, the institution pursues much the same objectives as the universities.

Sciences Po has taken advantage of its peculiar status, which has enabled it to be a forum for innovation and experimentation, and to expand its facilities in the heart of Paris. Whilst recognising that the institution operated outside the normal rules for students' fees that prevail for all higher education organisations, the Central government has always accepted Sciences Po's special status and has been, and still is, the institution's major funding partner. The regional authorities concerned have also given their support to Sciences Po's expansion, with several regional campuses in place.

It is in this context that the Cour des Comptes instigated its audit of Sciences Po for the period 2005-2010.

This audit has highlighted the dynamic nature of the institution, but has also uncovered a lack of control over expenses and significant shortcomings in management, which are the source of numerous irregularities.

These revelations call for significant reforms to be implemented in order to put an end to such irregularities, to ensure that the establishment's management system is more transparent, and to enable a proper control over its budget.



1 An atypical institutional structure

A singular but complex organisation

Sciences Po comprises two separate entities - a private organisation, the Fondation nationale des sciences politiques (FNSP) and a public institution, the Institut d'études politiques de Paris (IEP).

The FNSP, whose mission is to «encourage the development and dissemination, in France and elsewhere in the world, of political, economic and social sciences», carries out research and documentation, whereas the teaching activities of Sciences Po are under the auspices of the IEP.

The creation of these two entities and the decision to give to the FNSP the management and financial responsibilities for the IEP were the result of a compromise agreed in 1945 between the representatives of the Central government and those of the 'Ecole libre des sciences politiques': the for-

mer wished to integrate the training of future senior civil servants in the national education department, whereas the latter wanted above all to have the greatest possible autonomy, both vis-à-vis the Central government and the University of Paris, in managing the institution that was to replace the 'Ecole libre des sciences politiques'.

This structure has allowed Sciences Po to maintain a freedom of action, the results of which are seen today in the free definition of its educational project, the ownership of its property assets, and the status of its personnel, the majority of whom are recruited by the Foundation, using private contracts. At the same time it allows Sciences Po to belong to the national education service since the IEP, a '*grand établissement*' since 1985, is classified as a public scientific, cultural and professional body under the tutelage of the Ministry of Higher Education and Research. As such, it is able to award national degrees, to be

An atypical institutional structure

state-financed, and to benefit from the use of lecturers and teachers from the universities' teacher/researcher panel.

This situation, where the financial and administrative management of the IEP is handled by the FNSP, is very unusual: despite the fact that the IEP is a public institution, it does not have its own budget and has no staff to manage, as these functions are carried out by the FNSP.

A dysfunctional organisation

This complex organisation creates management difficulties which the unusual governance and ineffective coordination mechanisms are unable to overcome.

The FNSP is managed by a Board of directors responsible for all questions relating to managing the Foundation. The IEP is managed by a management board which handles all questions relating to teaching activities. It also has a scientific committee, a joint committee and a committee

constituted by the teachers/researchers assigned to the establishment.

Coordination between the two structures and their respective executive bodies is simplified by the fact that the functions of Director General of the Foundation and Director of the IEP have traditionally been performed by the same person.

The lack of control mechanisms, both internal and external, stems largely from this situation. In addition, although the Ministry of Higher Education and Research is the principal provider of funds for the FNSP, there is no ministerial representation on the Foundation's Board of Directors, a situation which is difficult to understand.

2 Rapid expansion and numerous innovations, but at significant cost

A selective establishment that has expanded considerably in ten years

Sciences Po, an independent and selective establishment, with a mission to «ensure initial and ongoing education in the social sciences to further a better understanding of the modern world», has expanded considerably in the past ten years.

During the period under review, 2005 to 2010, it has continued on the growth path that it started at the beginning of the years 2000. The number of students has significantly increased, especially the number of foreign students, which has meant that syllabuses have been increasingly internationalised. Thus in 2010-2011, the school had more than 10,000 students enrolled (8,539 students in initial training and

1,471 exchange students) - of which 35% were overseas students and 7% had dual nationality - compared with 5,570 in 2004-2005.

The policy of establishing regional campuses continued, with the creation of new sites in Menton, Le Havre and Reims to add to those already in place in Nancy, Dijon and Poitiers. This expansion has in no way diminished the predominance of the Paris campus as, during this same period, Sciences Po increased the number of its facilities in Paris's 7th arrondissement.

The establishment also continued its policy of changing the social mix of its student intake which started in 2001 with the launch of the «conventions éducation prioritaire », which have helped some 860 students in ten years. The proportion of grant-aided students has grown since 2005, but has not achieved the target of 30% of all students that was set in the four-year contract.

Seeing the way in which higher

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education and research were evolving, Sciences Po decided to make research a strategic mission within its expansion programme. The teaching model and the special characteristics of its organisational structure had for a long time put Sciences Po at a disadvantage in this area. In the period 2010-2011, 93% of lecture-hours given at the IEP were handled by more than 3,000 part-time contracted teachers who had no research activity at all. The increasing international trend of classifying universities by their level of research thus decided Sciences Po to reinforce its permanent academic staff. During the period 2005-2010 the number of state-employed teachers and research staff changed little (about 90 teacher-researchers and 53 belonging to the CNRS (Centre National de la Recherche Scientifique), but Sciences Po recruited around 50 additional teachers and research staff using private contracts. In a relatively short timespan, the institution was able to create both an economics department and a law department.

Finally, as part of the research and higher education centre of excellence

called «Sorbonne Paris Cité», Sciences Po is part of the excellence Initiatives (I dex - for «Initiatives d'excellence») project which it helped define in 2011 as part of the «Investissements d'avenir » programme. However, this involvement seems to be ambiguous, as there is a contradiction between the idea of a unified governance inscribed in the statutes of the I dex project, and the desire of Sciences Po's management to preserve the special status of its own organisational structure.

Expenses must be controlled

The cost of a student at Sciences Po is greater than that for a university student for a number of reasons: the administrative staff -student ratio, the costly method of paying the teacher/researcher salaries, and having students in the centre of Paris where overhead costs are much higher than elsewhere.

As a consequence, the increase in the number of students between 2005 and 2010 caused an enormous increase

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in costs: the FNSP's budget grew from €78.7 million to €127.1 million. In particular, the wage bill, which represents 59% of Sciences Po's running costs, rose significantly.

This expansion was essentially financed by an increase in the Central government's contribution and the additional admission fees. Thus FNSP's subsidy from the ministry of Higher education and research grew from €47.7 million in 2005 to €63.6 million in 2010, an increase of almost a third, to which needs to be added the cost to the Central government of the salaries of the publicly employed teacher/ researchers assigned to the IEP (€11 million in 2010). During this same period, receipts from admission fees rose from €9.9 million to €27.9 million. For the academic year 2012-2013, the admission fee grid can reach €9,800 for a first degree course and €13,500 for a master's, depending on family income.

As for the institution's investments, especially in real estate, these have been financed through loans, with the Foundation's level of debt rising

above €53 million at 31st December 2010, a sum that adds to the nation's overall burden of debt.

In this area, there exists no precise contractual arrangement between the Central government and Sciences Po concerning explicit and shared medium term objectives, no clear desired sizing, no agreement on the number of students to admit and a fortiori no agreed ceiling on the level of funding to be provided. In addition, the state funding of Sciences Po was accompanied by insufficient commitments and guarantees in terms of control and overseeing of expenses. Central government funding of Sciences Po must be stabilised forthwith. It is essential that the contracts covering the years to come include mechanisms and indicators that can ensure an adequate control, with measurements demonstrating the establishment's effective and efficient use of funds. In addition, as with any other publicly funded organisation, a ceiling on both hiring and the wage bill must be notified to Sciences Po every year, at the same time as operating cost funding is

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communicated, so that the wage bill can be stabilised.

Sciences Po's financing policy also needs to take account of the law dated 28 december 2010 concerning public financing arrangements, which now forbids varying types of central government organisations, which includes the FNSP, from contracting any loans with credit organisations where the payback period is greater than 12 months. Given that, at

this time, the Central government possesses no information concerning Sciences Po's financial forecasts, a rigorous multi-annual financial plan must be drawn up, in close cooperation with, and the approval of, the minister of Higher education and research.

3 Corporate management flawed by numerous irregularities

The anomalies uncovered during the audit by the Cour comprise both management shortcomings and repeated irregularities.

The institution's management shortcomings

The audit carried out by the Cour, which covered the relatively short period from 2005 to 2010, brought to light numerous shortcomings in the institution's management both of its assets and its finances.

Among these it is pertinent to highlight the following:

- not complying to the ministerial order of 6th June 2005 concerning the signing of contracts by certain public or private organisations not subject to the normal public sector tendering process;
- contracting a loan with a high risk potential for the institution, without prior authorisation from the

Board of directors and without information from the appropriate ministerial authorities;

- the development of an impenetrable system for remunerating the Foundation's salaried personnel;

- multiple and persistent irregularities in the functioning and monitoring of the teacher/researcher department;

- irregularities in the managing of, and fiscal returns concerning, 'company' accommodation;

- a system for remunerating the FNSP's director General/IEP's director that escaped any form of check and devoid of any visibility by the appropriate Central government or institutional functions;

- financing, using Sciences Po's own resources, of a mission entitled «Lycée pour tous», assigned *intuitu personae* to the director General, without approval from the Foundation's Board of directors.

Corporate management flawed by numerous irregularities

Persistent irregularities

The irregularities uncovered by the Cour were for the most part found to be persistent. Thus, the policy of recruiting teachers and researchers with attractive conditions, for example in terms of career progression and ‘company’ accommodation, was a source of numerous such irregularities. In the same vein, the remuneration packages of senior management and the director General were always handled outside the appropriate legislative and regulatory framework.

The frequently repetitive nature of these irregularities stems from the weakness of both internal and external control mechanisms.

The third chamber of the Cour which carried out the audit, the results of which are in the public report, has decided to refer certain of these irregularities to the ‘Cour de discipline budgétaire et financière’ and has passed the appropriate file to the public prosecutor.

As for internal audit, the appro-

priate internal functions have not exercised their role of supervising executive decisions: the shortcomings in the institution’s management system reflect a lack of due diligence by the FNSP’s Board of directors and the IEP’s management board.

As far as external control mechanisms are concerned, it would appear that the Central government, Sciences Po’s principal supplier of funds, has no effective means of monitoring the activity of this ‘grand établissement’. The composition of the Foundation’s Board of directors should be modified to include seats for a representative from both the ministry of Higher education and research and the Budget department. Putting in place financial controls and a means of ensuring the institution respects going-rates in the teaching profession should be considered. Finally, putting the management system in order must be accompanied by a clarification of the rules that apply to the FNSP and to the IEP to avoid any recurrence of these shortcomings.

Conclusion

In the past ten years, Sciences Po has demonstrated its ability to adapt to changes in higher education and in research. With its very special status affording total freedom in managing its affairs, the institution has expanded considerably whilst remaining faithful to its particular method of teaching.

Sciences Po has shown itself to be very resourceful in obtaining outside funding, but has also been particularly well blessed with Central government subsidies. In the present budgetary climate, the special nature and long-term survival of the institution can only be guaranteed if the necessary reforms are put in place to ensure efficient management control.

The Cour recommends that Sciences Po and the Central government take the necessary steps forthwith to ensure complete transparency in the institution's management system and to ensure a coherent view of the governance process and day-to-day running procedures.

Recommendations

In the first place, in order to put an end to the irregularities uncovered in the establishment's management, the Cour recommends that Sciences Po:

1) ceases the practice of allowing additional working hours to be accumulated with periods of teaching dispensation for those teachers employed by the Central government;

2. ceases the practice of allowing periods of dispensation to be combined with bonuses for the same function;

3) ceases to allow periods of dispensation to exceed two thirds of total contracted teaching time;

4) ceases the unauthorised practice of applying weighting coefficients to lessons and adopts the hourly equivalence references in line with the national references contained in the ministerial order of 31st July 2009;

5) submits the allocation of 'company' accommodation for approval by the FNSP's Board of directors and ceases to accord such benefits to senior management and teacher/researchers on the permanent staff;

6) adheres to the ministerial order of 6th June 2005 concerning the signing of contracts by certain public or private organisations not subject to the normal public sector tendering process.

Secondly, in order to have consolidated accounts for the establishment and to install a rigorous expense control mechanism, especially as far as salaries are concerned, the Cour recommends that the Central government:

7) draws up a contract with precise objectives incorporating efficiency and effectiveness indicators;

8) notifies head-count, hiring and total salary ceilings at the same time as communicating the annual operating budget. To meet this objective, the Cour recommends that Sciences Po:

9) submits annually to the FNSP's Board of directors a multiyear financing strategy covering all the institution's activities, based on an objective for running costs that is in line with a stabilised public subsidy.

Recommendations

Thirdly, in order to have a transparent system for remunerating the FNSP's employees, the Cour recommends that Sciences Po:

10) clarifies the criteria for awarding monthly and exceptional bonuses;

11) submits a new salary grid to the FNSP's Board of directors, along with the decisions taken by the director General concerning the remuneration of teacher/researchers incorporating the recommendation contained under number 7 above;

12) fixes the level of remuneration for senior managers by reference to the practice in similar higher education establishments and by putting in place a system of evaluation based on a written appreciation of performance against previously assigned objectives;

13) obtains annual approval from the Foundation's Board of directors for an overall budget envelope to be used for senior management bonuses.

Fourthly, in order to put in place the necessary legislative and regulatory reforms to ensure transparent management of the institution, and to keep the Central government properly informed, the Cour recommends that the Central government and Sciences Po:

14) ensure that Sciences Po comes under the recently created status for the independence of universities the 'régime des responsabilités et compétences élargies (RCE)';

15) modify the composition of the Board of directors of the Foundation to include a representative of both the ministry of Finance and the economy and the ministry of Higher education and research;

16) limit the number of terms that can be served by the director and the Chairman of the management board of the IEP, as well as by the director General and the Chairman of the Board of directors of the FNSP;

17) specify in the Foundation's statutes the method for determining directors' remuneration, taking account of the rules in the appropriate legislation on taxation;

Recommendations

18) fix the level of the total remuneration package for the director General taking into account the usual practices in similar higher education establishments, the remuneration of the director of the IEP being determined by the State.

Finally the Cour recommends that Sciences Po:

19) clarifies its position regarding its participation in the unified governance within the Idex 'Sorbonne Paris Cité', a condition sine qua non for receiving Idex funding.