2019 ANNUAL PUBLIC REPORT

Follow-up of recommendations

Executive 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

Charged with ensuring the proper use of public funds, the Cour des comptes audits public management and public accounts. It issues decisions on their compliance with applicable standards, as well as on the effectiveness and the efficiency of actions carried out. It is also committed to suggesting solutions to the shortcomings that it identifies, and monitors any follow-ups made by public decision-makers in response to its interventions.

In its works, the Cour therefore provides general recommendations; in addition, it systematises a periodical assessment of their implementation. Regional and territorial courts of audit (RTCA) committed to the same trajectory in 2013. Act no. 2015-991 of 7 August 2015 on the new territorial organisation of the Republic (called the "NOTRé Act") later entrusted them with the responsibility of producing an annual summary of follow-up actions taken by local authorities in response to their findings.

To fulfil this mission, financial courts:

- carry out an in-depth analysis, at the start of each audit, on the follow-up actions taken in response to the findings noted following the previous audit;
- carry out, where necessary, between two periodical audits, an audit limited to examining follow-ups to the previous audit.

Furthermore, in accordance with the provisions of Article L.143.9 of the Financial Courts Code:

- recipients of definitive findings observed by financial courts are required to provide reports of any follow-up actions taken in their respect;
- for its part, the Cour presents these follow-up actions in its annual public report, based on the reports provided for this purpose.

Introduction

This booklet brings together, on the one hand, the summary of twelve follow-up investigations carried out by the Cour and by the RTCAs. They are grouped into three categories, which are colour-coded, based on the status of implementation of the recommendations previously issued by the financial courts:

- green (Chapter I): the Cour observes progress (2);
- orange (Chapter II); the Cour insists (7);
- -red (chapter III): the Cour warns (3).

On the other hand, this booklet presents the overall results of the recommendation monitoring carried out by the Cour (Chapter IV) and by the RTCAs (Chapter V).

Formulating and monitoring recommendations based on standard ISSAI 300

The International Organization of Supreme Audit Institutions (INTOSAI) has approved professional standards and good practice directives for public-sector auditors.

In particular, the ISSAI 300 standard sets out fundamental principles relating to the formulating and monitoring of recommendations for performance auditing. It specifies that "auditors should seek to provide constructive recommendations that are likely to contribute significantly to addressing the weaknesses or problems identified by the audit".

Quality criteria are set out. In particular, recommendations must "address the causes of problems and/or weaknesses". They must be "phrased in such a way that avoids truisms or simply inverting the audit conclusions".

The recipient of each recommendation, as well as the person responsible for taking any initiative, must be identified and named. The meaning and the relevance of recommendations should be mentioned, by stating "how they will contribute to better performance".

This standard was incorporated into the Cour des comptes' professional standards.

Summary

Follow-up of recommendations

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Summary

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Chapter V - Follow-up to the CRTCs' recommendations in 2018

Chapter I

Progress noted by the Cour des Comptes

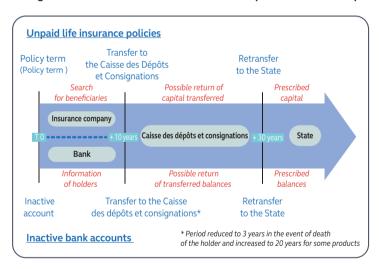
- 1. Unclaimed bank balances and life insurance policies: a reform well underway, an implementation to solidify
- 2. Adapted Military Service (SMA): good integration results, costs requiring management



The Act of 13 June 2014 relating to inactive bank accounts and unclaimed life insurance policies, named the "Eckert Act", aims to improve savers' protection. Its provisions, the majority of which

entered into force on 1 January 2016, have imposed new obligations on banks and insurers, and has planned for the Caisse des Dépôts et Consignations to retain any sums not returned to savers.

Processing circuit of inactive bank accounts and unpaid life insurance policies



Source: Cour des comptes

As from 2013, the Cour had highlighted the issues relating to unclaimed accounts and policies, the magnitude of which was estimated to be a minimum of €1.2b for inactive bank accounts and €2.8b for unpaid life insurance policies. In 2018, its intention was to ensure effective implementation of the act's provisions.

The Cour observed that the mobilisation of all stakeholders to comply with the new obligations had very positive effects to savers' benefit. The act's application reveals that the phenomenon of unclaimed assets largely surpasses initial estimations. Thus, progress is necessary to improve the processing carried out by banks,

insurers and the Caisse des Dépôts, whilst certain other aspects of the act require clarification.

Improved protection for savers'

Within the eighteen-month period provided for between the Eckert act's promulgation and its entry into force, banking and insurance professionals have substantially modified their processes and information systems in order to identify and process inactive bank accounts and unpaid life insurance policies. Similarly, the Caisse des Dépôts has put in place computerised tools enabling it to recover any amounts that banks and insurers are legally obliged to transfer to it and to process claims for restitution from the general public.

Thus, in insurance companies, many policies requiring payment were identified. An amount of €2.2b in 2016 and €2b in 2017 were paid to beneficiaries of unpaid life insurance policies in stock from the previous year. As regards bank institutions, 50% of inactive accounts were reactivated in 2016 thanks to information provided to their holders. On 30 November 2018, over 1.5 million searches were performed on the Ciclade website, which offers the general public the ability of entering data on their identity online and being immediately informed in the event of a possible match with Caisse des Dépôts files. These searches led to the restitution of €143.2m.

A significant and long-lasting stock of unclaimed assets

The Eckert act provides a definition of inactive accounts and unpaid life insurance policies which now allows them to be monitored within a stable perimeter. As a result, the magnitude of unclaimed assets turned out far higher than previous estimates. On 31 December 2015, the outstanding amount of unpaid life insurance policies amounted to €5.4b. At the end of 2017, following the transfer of the oldest policies to the Caisse des Dépôts and to the State, it still came to €4.7b. Bank institutions held €18.9b in inactive accounts and products on 1 January 2016. After reactivation of half of the outstanding amount and the transfer of the oldest balances. the sum of inactive products retained by banks amounted to €6.2b at the end of 2016. Furthermore, the Caisse des Dépôts received €3.7b in 2016 for bank balances and life insurance policies. This amount increased to €5.1b on 30 November 2018.

The decline in unclaimed stocks will be slow. As regards life insurance, their decline is slowed by dynamic influxes and by the legal obligation to retain policies for which holders cannot be identified for ten years. In the banking sector, the list of inactive bank accounts is no doubt incomplete, which could explain their increase between 2016 and 2017. As for the Caisse des Dépôts, the balance of

amounts retained has constantly increased since 2016 and should reach €4.9b on 31 December 2018.

After a period of thirty years, unclaimed balances are returned to the State under the thirty-year prescription period. At this time, their sum is not very high (€137m in 2017) and this should not significantly increase until 2030.

Processing procedures for unclaimed assets which can be perfected

Though the majority of obligations imposed by the act are complied with by banks, insurers and the Caisse des Dépôts, improvements must be continued for a better fluidity of processes, to the savers' benefit.

As regards the Caisse des Dépôts, the shortcomings on the Ciclade website should be addressed to facilitate the general public's searches. Indeed, some financial products can only be requested by post, others are processed on a separate website, whilst some beneficiaries cannot carry out any searches relating to their balances. Despite improvements, the processing period for claims remains long and still reached 5.3 months on 31 August 2018.

Furthermore, following a recommendation issued by the Cour during the audit, the Caisse des Dépôts decided to remunerate deposited balances at a rate of 0.3%. It is invited to periodically review this rate based on the conditions for investment on financial markets and on the improvement of knowledge on retention periods for the amounts.

For banks and insurers, difficulties in implementing the texts must still be resolved. Clarifications on the scope of the act are necessary, for example, for savings certificates, company shares or contracts providing for annuities. In actuality, these products are not covered when the act should encompass all savings products save for explicit exceptions.

Unclaimed asset prevention which should be developed

Strengthening the reliability client databases is vital to improve prevention on unclaimed assets. In 2013, the Cour had already underlined that bank and insurers' access to the registration number on the national identification registry of natural persons held by Insee (NIR or "social security number"), under certain confidentiality and security conditions, would allow for progress in this field. Access to the NIR to improve the reliability of client databases remains unauthorised to date.

Another field for potential unclaimed assets has been identified, in which measures must be taken. These are life insurance policies relating to supplementary pensions which, as texts currently stand, are not the subject of searches for beneficiaries. As regards compulsory collective contracts, there is also a risk of insureds lacking knowledge of their rights. This issue is of financial importance as, on first estimation, the amount of capital constituting unpaid annuities after the legal age of 62 years old was over €13b at the end of 2016.

Recommendations

The Cour des comptes issues the following recommendations:

- 1. (Caisse des Dépôts et Consignations): develop the features and the usability of the Ciclade website in order to facilitate savers' searches as regards transferred assets;
- **2.** (Caisse des Dépôts et Consignations): optimise internal processing procedures for users' claims in order to reduce time periods for the return of balances;
- **3.** (General Directorate of the Treasury): prepare legislative evolutions aiming to clarify which products are included in the scope of the Act of 13 June 2014 and insert a provision rendering it mandatory for bank institutions to provide an annual report to the Prudential Supervisory Authority;
- **4.** (General Directorate of the Treasury): set out the terms for application of escheatment to supplementary pension life insurance policies.



2 Adapted Military Service (SMA): good integration results, costs requiring management

Created in 1961, Adapted military service (SMA) is a socio-professional military integration scheme designed for youths between 18 and 25 years old residing in overseas territories and far removed from the labour market. Today, it includes a central command station and eight units: seven overseas regiments (RSMA) and once additional training secondment in Périqueux.

In 2009, the President of the Republic set the AMS a target to double its workforce for 2013, i.e. a total of 6,000 young volunteers.

The implementation of the "SMA 6,000" plan staggered over time

The State has made a significant budget effort to meet this target: between 2009 and 2011, the SMA's annual subsidies increased by 60%, reaching €183m. At the end of this period, they stabilised at €200m.

On 31 December 2017, after a gradual increase, the target of 6,000 was reached. However, this occurred at the expense of an increased ambition with a decrease in the period of training (six, ten or twelve months instead of twelve months initially) and the end of diploma courses. Thus, in 2017, though the number of volunteers amounted to 6,010, their number, counted as full-time equivalents, was only 4,387.

Organisation and management requiring improvement

The SMA's missions are both civil (promote overseas integration) and military (carry out defence, protection and population relief plans). This dual nature is also found in the institution's overall organisation and in the supervision carried out by overseas ministries and armies. Regulatory texts relating to said organisation must be brought up-to-date and the inter-ministerial steering of the entire mechanism must be strengthened.

The management of budget and human resources appears overall satisfactory. Staff and investment expenditure account for two-thirds and 10% of the budget respectively.

The doubling of the number of trained volunteers, for which investment needs were underestimated by almost €90m, necessitated the use of a heterogeneous and unevenly maintained property portfolio. It is a weakness that had already been highlighted by the Cour in its previous report in 2010.

The unit cost of this scheme therefore remains relatively high. It is estimated to be €36,847 per trained volunteer in 2016. Close to that of voluntary military service, it is higher than that of other integration schemes, partly due to the additional costs in Overseas territories.

Adapted Military Service (SMA): good integration results, costs requiring management

A training and integration policy to solidify

When contracts are signed, management established a professional plan with each volunteer. Curricula include military, general and professional training.

In 2016, the overall integration rate was 77%. This rate does not include volunteers having abandoned mid-

training (11%) and does include positive exits for reasons other than employment, such as enrolment in a diploma course or a helped contract. The integration rate for sustainable employment is of 50%, which is a very good result given volunteers' initial training level, with 40% of illiterate individuals and current high unemployment rates in overseas territories, representing 45% to 55% on average for the same age group.

Integration of trainee volunteers after six months

%	2013	2014	2015	2016	2017
Direct employment	66.5	72.6	75.3	75.1	72.2
Sustainable employment	34.3	47.9	50.1	53.0	50.1
Transitional employment	32.2	24.7	25.2	22.1	22.1
Other positive exits	33.5	27.4	24.7	24.9	27.8

Source: COMSMA

The SMA's success is due to both a structuring military framework, a long-established regiment reputation in the eyes of families and to the trust of local economic stakeholders.

Though the scheme accommodates around 15% of youths from the 15-25-year-old age group in one territory, some regiments experience difficulties in the recruitment of volunteers and in their retention during training. Efforts must therefore be made as regards prospecting and

feminising workforces (nearly 27% of volunteers were female on average in 2016).

The decline in the number of short training courses, graduation and accompaniment of youths at the end of their curriculum should be levers to improve SMA results. Similarly, the strengthening of partner relationships with national and local training and employment stakeholders should be continued.

Adapted Military Service (SMA): good integration results costs requiring management

Recommendations

The Cour des comptes issues the following recommendations:

- 1. (Ministry of Overseas Territories and Ministry of the Armed Forces): Improve the scheme's governance by updating the texts governing the SMA and by ensuring the long-term future of the invitation to and the participation of the General Directorate of Overseas Territories in strategy and steering bodies;
- **2.** (SMA leadership): adopt and formalise a multiannual property strategy in 2019 (construction, rehabilitation, maintenance);
- **3.** (Ministry of Overseas Territories, SMA leadership and Ministry of National Education): in 2019, draft a framework cooperation agreement between each RSMA and the rector or the vice-rector;

- **4.** (Ministry of Overseas Territories and SMA leadership): in each RSMA, as from 2019, develop a strategy for the integration of women trainee volunteers and non-graduates into sustainable employment;
- **5.** (Ministry of Overseas Territories and SMA leadership and Budget directorate): for 2019, establish an indicator measuring RSMA's contribution towards the social integration of individuals between the ages of 18 and 25 in the territory;
- 6. (Ministry of Overseas Territories and SMA leadership): construct through each RSMA in 2019, and in cooperation with partners and under the authority of the State representative, a programme to accompany volunteers at the end of their curriculum.

Chapter II

The Cour des Comptes emphasises

- 1. The Agence française de développement group, mutations and a new ambition
- 2. Intercités trains: a reform to be completed
- 3. Radio France: increased audience, persistent blockages, a financial situation that remains fragile
- 4. EDF SA's wage policy: basic reforms yet to be launched
- 5. Public transport in Toulouse: betting on a third metro line
- 6. Emergency departments still over-stretched
- 7. Food safety control: progress to solidify



The resources that France has devoted to Official Development Assistance (ODA) to reduce poverty and inequalities and to promote sustainable development worldwide have experienced fresh momentum 2015^{1} . The inclusion environmental preservation for green and inclusive growth has gradually diversified the sectors funded beyond support to individuals and broadened the map of countries benefitting from French assistance, although Africa remains its preferred partner.

The Agence Française de Développement (AFD), which has provided bilateral assistance for over 75 years, has adapted its economic model and its funding to each evolution in the global context and in the ODA's objectives.

The AFD is the main player in French bilateral official assistance

In the middle of the 2000's, in a global context of low growth weakening the solvability of least-developed countries, the AFD redirected part of its funding towards loans, most-often granted at preferential rates and

to new partner countries, including emerging countries. Faced with the States shrinking budget, it sought out resources on markets.

The State tacitly validated its operator's change in economic model, and now contributes towards consolidating this model. It therefore regularly strengthens its financial base, through a policy of redistributing dividends which is now supplemented by a recapitalisation of $\{2.4b \text{ in } 2016.$

The AFD group, including its promotion and participation for economic cooperation subsidiary (Proparco) is now the French bilateral ODA's regulatory enforcer.

Its 2,531 employees have contributed towards the €10.9b in financial commitments reported by the group in 2017 across 110 countries (€9.2b from the AFD, €1.4b from Proparco).

Faithful to its initial mission from 1944, the AFD continued to support the development of Overseas territories. €1.5b were allocated to this mission in 2017, mainly to the benefit of local public authorities. Abroad, the AFD is still concentrated on Africa, although it is open to the rest of the world.

¹ Increase from €8.15b to €10.1b for assistance declared by France to the Development Assistance Committee of the OECD between 2015 and 2017 (from 0.37% to 0.43% of the GNI).

In accordance with its mandates, the Agency mainly funds sustainable development infrastructure projects, particularly energy projects, but also projects relating to access to water and sanitation, transport or sustainable agriculture, while education support or health are in decline.

However, the AFD model still requires a conciliation between the financial imperatives of the development bank and the objectives of a public policy serving France's priorities and interests worldwide.

Africa
50%

Latin America
and the Caribbean
13 %

Africa

Middle East and Asia

€2.1b

Overseas territories

Latin America and the Caribbean

13 %

Africa

Middle East and Asia

€2.1b

Example 1.6b

Latin America and the Caribbean

€1.4b

The AFD's presence worldwide and in Overseas territories in 2017

Source: AFD

The AFD group's growth, whose balance sheet of €39.7b in 2017 has increased by 145% since 2010, has until now been based on a satisfactory financial situation. To continue its expansion, strenghtened by the interministerial committee for international cooperation and development (CICID) of 2018, the AFD and its governance bodies must remain vigilant as regards the forecast for funding needs of the group on the markets, and as regards any potential effects caused by the optimisation of its short-term cash flow on its balance sheet and on its profit and loss account, beyond the necessary preservation of liquidity risk. Its mechanism to manage risks must also be more efficient.

The financial sustainability of the AFD's model in a new stage of activity growth will also depend on its ability to manage its expenditure, particularly staff expenses. Maintaining its economic efficiency and the quality of its financial portfolio will also be determining, as loans must remain the preferred tool to fund development in the upcoming years despite the State's recent decision to increase again the portion of donations in its funding (€1.3b for 2019).

Governance and management requiring modernisation

The shortcomings noted by the Cour des comptes as regards interministerial steering in its previous 2010 investigation are still valid. The State having chosen to delegate its action, it must carry out effective and efficient supervision over its operator. In addition, though its meeting in 2016 and later in 2018 constitute progress, the CICID, which is chaired by the Prime Minister, must meet regularly to ensure that the AFD does not set out its strategy alone.

The group's governance must also become more professional, by enriching the AFD's Executive Board with financial skills and that of Proparco with expertise on development.

Indeed, these bodies ensure that the AFD group combines its ambition to finance development with its nature as a financing company subject to prudential regulations and profitability requirements.

The renewal of its governance will facilitate the appearance of a group strategy, which has become necessary with its new ambitions and the competition between international development funders. The collaborative and complementary

offers of AFD and Proparco should be developed, by including the technical cooperation offer, which should be promoted by Expertise France integration into the group in 2019.

To reach its objectives, the integration of AFD and Proparco into the State's networks abroad must also be improved, and the partnerships agreed with the Caisse des Dépôts et Consignations in 2016 and BPI France, including in overseas territories, should be consolidated.

Furthermore, the AFD's capacity to assess the results of projects that it has funded, and more generally its contribution towards the French ODA objectives must change dimension. It must contribute more efficiently towards the feedback required to increase funding and to measure their performance with regards to France's commitments.

Lastly, the AFD will not be able to meet the challenges that it faces without quickly modernising its management and its organisation: reforming a staff status that is obsolete and costly, which provides little value to performance; updating of information systems; decentralisation of management and reorganisation of the group's global network at regional level.

Recommendations

The Cour des comptes issues the following recommendations to the AFD and guardianship ministries:

- **1.** sensure that the long-term funding needs for the activity growth objectives assigned to the AFD by 2020 match its prudential restrictions;
- **2.** ensure that the Executive Board rules effectively on strategy, the economic model and the assessment policy;
- **3.** better define the role and the positioning of Proparco in the group's strategy and have the AFD's Executive Board set out the strategic link between the parent company and its subsidiary;
- **4.** strengthen and systematise the AFD's assessment policy;
- **5.** before 2020, reform the staff status of the AFD group's staff, particularly by changing the wage system, by including consideration of performance.



2 Intercités trains: a reform to be completed

Grouped under the commercial name "Intercités" since 2012, these Trains for territorial balance (Trains d'équilibre du Territoire, TET) constitute a heterogeneous group of mediumand long-distance connections, that the State regulated as from 2010 in order to halt their decline.

In its section in the 2015 annual public report, the Cour had provided a summary of the Intercités activity. It concluded on management without strategy and called for increased efforts to manage expenses. It also revealed the major equipment financing needs and called for an ambitious new definition of the scope, in order to transfer lines connecting to express regional transport (transports express régionaux-TER) to regions.

Lastly, it criticised the method of financing the deficit through a special appropriations account called "national regulated traveller transport service" ("services nationaux de transport conventionné de voyageurs" - CAS SNTCV), a system providing for

little motivation and no accountability, and which led the SNCF to finance most of the operating deficit itself through surpluses generated by high-speed trains.

At the end of a new audit carried out in 2018, the Cour formulates the following observations.

The reform of the network and the renewal of rolling stock have been launched

The scope reform requested by the Cour has commenced. The management of 18 lines, representing over half of the Intercités activity, will therefore have been transferred to six regions by 2020. In return, the State will fund part of the annual operating deficit of some lines, to a total amount of €238m between 2016 and 2020. Regions will be able to optimise their connections, to match the modes of transport (TER, coaches) for which they are already transport organising authorities (AOT).

¹ So-called regulated lines give rise to a balancing subsidy as part of an operating agreement between the authority organising transport and the operator, contrary to lines that are managed exclusively in a commercial context (high speed trains or 'TGV').

Paris Les Aubrais Tour Nantes Nevers La Rochelle Day lines Limoges Lvon Clermont regulated by the State Briancon Night lines Bordeaux regulated by the State Albi oulouse Hendaye Marseille June 2018

Residual Intercités network (remaining under State authority) in 2020

Source: Cour des comptes

The eight lines remaining under the State's responsibility in 2020 make up a very narrow "residual" Intercités network. Three structuring low-deficit lines are retained (Paris-Clermont-Ferrand, Paris-Toulouse and Bordeaux-Marseille), and will witness an optimisation of their connection maps, as well as three "territorial planning" lines (Nantes-Lyon, Nantes-Bordeaux and Toulouse-Hendaye). Among the eight night lines, with important deficit levels and in competition with the development of alternative connections, only two

will be kept (Paris-Latour de Carol and Paris-Briançon). The six others have all been scrapped.

Rolling stock will be entirely renewed on the occasion of transfers, at the State's expense. Over a total estimated amount of €3.5b, €800m have already been spent to purchase wagons, which are allocated to the territorial planning lines retained by the State as well as to those transferred to the regions. Furthermore, the State has committed to financing the purchasing of additional wagons by the regions, by 2023, for a maximum amount of

Intercités trains: a reform to be completed

€1.45b. Night lines will have their rolling stock renovated. Lastly, the renewal, by 2025, of the equipment of three structuring lines retained by the State was also announced, estimated to cost €1.2b. However, its funding remains uncertain.

Multiple uncertainties to be clarified

Despite these evolutions, the Intercités network remains marked by three major weaknesses, which require additional measures in order to complete the reform launched in 2015.

The first is its heterogeneity. The three categories of lines remaining in this perimeter present prospects for evolution and challenges that are very different, between: structuring lines for which the prospect of a balanced medium-term operation, without support from the State, can be considered; territorial planning lines which seem destined to remain regulated on a long-term basis; and lastly, night lines whose continuity appears uncertain.

The network's second weakness relates to the quality of service. The efforts made to optimise connections

and revitalise the network can only fully produce their effects if punctuality, reliability of the offer and travellers' comfort are improved. However, such a turnaround requires that the investments announced for rolling stock are made.

The third weakness concerns its governance. The AOT's role requires that it set out an actual strategy for these lines, and that it continues efforts to manage expenses and search for productivity gains. The objective must be to limit an operating deficit that is still above €300m in 2018, and to anticipate opening to competition. The State appears under equipped to take on this role, due to the low resources that it is able to provide for this purpose and the difficulties that it experiences in establishing a balanced contractual relationship with the operator.

Lastly, the mechanism of the special appropriation account "SNTCV", that the Cour criticised in 2015, still means that the operator finances the majority of the obligations imposed on it by the State itself, but also, now, the support that the State provides to regions to finance the operating deficit of transferred lines.

Recommendations

The Cour des comptes issues the following recommendations:

- (DGITM): review the future economic model of residual Intercités lines by:
 - deregulating structuring lines and night lines;
- transferring territorial planning lines to regional AOTs.
- **2.** (DGITM and DB): under the current agreement, scrap the CAS SNTCV mechanism.



Radio France: increased audience, persistent blockages, a financial situation that remains fragile

In April 2015, the Cour des Comptes published a thematic public report "Radio France, the reasons for the crisis, avenues for a reform", in which it analysed the causes of the financial crisis in which the company found itself. It concluded by insisting on the necessary reform of the company and issued eighteen recommendations for this purpose. In 2018, despite good audience results and a partially improved management, the problem remains unresolved as following the strike of 2015, Radio France did not launch the necessary structural reforms and is once again in a fragile financial situation.

Successful reorganisation of broadcast stations antennas, partial improvement of management

Since 2015, the reorganisation of stations and the editorial clarification requested by the Cour have produced results. Audiences are generally good. Radio France has improved its market share. France Inter is the second national radio after RTL. France culture's growth continues. However, France Bleu has been losing listeners since 2013 and Mouv' has not reached its targets. Digital development continues, but without transforming all production methods.

Cumulated audiences of France Radio antennas (in audience shares)

_	2013	2014	2015	2016	2017	2017 (obj. COM)	2018
France Info	8,1	7,8	7,8	8,1	8,6	8,3	8,3
France Inter	10	9,7	10,2	10,9	11,3	10,3	11,3
France Culture	2	2,1	2,1	2,1	2,3	≥2,1	2,4
France Musique	1,6	1,4	1,5	1,6	1,6	≥1,6	1,7
France Bleu	7,6	7,5	7,3	6,9	6,8	7,6	6,7
FIP	2,1	2,6	2,8	2,5	2,6	·	n.a.
Mouv'	0,4	0,4	0,3	0,5	0,7	1,0	0,7

Source: Radio France

Radio France: increased audience, persistent blockages, a financial situation that remains fragile

The efforts to strengthen management, planned in the "objectives and resources agreement" (contrat d'objectifs et de moyens, COM) for 2015-2019, took time to start. Governance was strengthened. Management and control tools were improved, but in an incomplete manner and without any possibility of assessing their relevance, given their recent commissioning. In particular, it is missing an information system for human resources that is efficient and enables actual monitoring of the wage bill. As regards procurement, the work must continue, in order to ensure compliance with public procurement rules.

Reforms of varied structures

The social context of Radio France remains frozen. Although the last COM planned for a decrease in the wage bill, this did not happen (€406m in 2017 compared with €395m provided for in the COM). Two priority reforms are yet to be carried out: the reform of the employment grid which no longer matches the reality of radio production in the digital era; the negotiation of a new agreement on working time which will provide the company with leeway both financially and in organisational terms. Indeed, working time remains particularly low: journalists with over 8 years of seniority account for a total of fourteen weeks of authorised absences

Other structural reforms have not been carried out. The merge of editorial teams was only partially carried out, so much so that the journalistic workforce increased (+41 FTE in 4 years). The operation of orchestras

has been marginally revised, in particular to increase the number of performances, but the existence of two symphony orchestras within Radio France has not beenchallenged. The organisation of radio production, which has been the subject of several reports, has remained much the same. The merge of France Bleu and France 3 has barely started, without clear objectives and gouvernance.

Works on the Maison de la Radio: persistent risks and uncertainties

Rehabilitation works have once again been delayed. Launched in 2005, works should only be complete in 2023. The organisation of operations suffered once more from malfunctions. As a consequence, the overall cost increases (€583m) and the last phases of the operation are not funded (€134m). This is a significant expense that will weigh on public finance in the future.

Radio France's financial situation remains worrying

Despite the State respecting its financial commitments, and despite the authorisation given to increase advertising revenue (+ €9m between 2014 and 2017) and to give-up on medium-and long-wave transmissions (- €14m), Radio France has continued to witness a stronger increase in its expenses that in its income. Since 2014, net income has become negative. On 31 December 2017, the cash flow represents six days of operation when the main outflows relating to works have not yet occurred.

Radio France: increased audience, persistent blockages, a financial situation that remains fragile

Recommendations

The Cour des comptes issues the following recommendations:

- **1.** (*Radio France*): turn Mouv' into an entirely digital antenna; put an end to FIP's local programmes;
- **2.** (Radio France) modernise the information system for human resources;
- **3.** (*Radio France*) review agreements on working time and employment classification;
- **4.** (Radio France, Ministry of Culture, Ministry in charge of public accounts) ensure that the announced monitoring of construction works is carried out until the end of the rehabilitation:
- **5.** (Radio France, ministry of culture) clarify the objectives and terms for a merge between France Bleu and the France 3 TV network in regions.



4 EDF SA's wage policy: basic reforms yet to be launched

In its 2013 public report, the Cour underlined the quick increase in EDF's wage bill and the persistence of many costly advantages which are accessories to remuneration. It made recommendations for a stronger management of staff expenses.

Sixyearslater, despite a few adjustments which slowed the progression of staff expenses, the outcome of reforms is disappointing whilst the decline in the company's financial situation and the growing impact of competition increase the requirement for basic reforms more than ever.

A legal framework yet to be renovated

EDF became a public limited company in 2004, however the legal status of its employees did not change. Nearly all of its employees are still governed by the 1946 status of employees in electricity and gas industries.

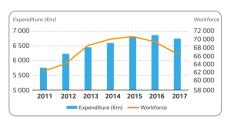
This status is characterised by a complex and stiff system of wage grids which promotes automatic progressions on seniority. Furthermore, the important role afforded by law to industry-level bargaining limits the company's leeway in terms of remuneration.

The Cour's recommendation to soften statutory rules and to increase the scope of the company-wide agreement has not yet been implemented by the company and by public authorities, who are competent to issue any necessary regulatory texts.

A late decline in staff expenses supported by a decrease in workforce

EDF SA's wage bill increased by 23% between 2007 and 2011. It continued to increase by 18% between 2011 and 2015. It was only started to stabilise in 2016, before declining more sharply in 2017.

This late evolution is due to a decrease in workforce as from 2015 (- 5.9% between 2015 and 2017) arising from a concomitant downwards trend in recruitment and in mass departures, encouraged by favourable assistance schemes.



Note: change in the scope of employees in 2013 with the integration of trainees (+2,866 individuals)

A little-evolving wage policy

The wage policy has undergone a few evolutions limited by the shrinking of envelopes allocated to general and individual increases. However, the increase in wages is, excluding inflation, as dynamic as during the previous period. With the exception of 2017, it has allowed for net gains of at least +1.95% which senior executives in particular were able to benefit from (measures to

EDF SA's wage policy: basic reforms yet to be launched

assist with the implementation of a set number of days).

The consideration of performance is not sufficiently developed, wage gains are still too driven by reflex actions and a linear career progression.

Employees continue to benefit from many bonuses and allowances, which have increased by 30% since 2012, as well as from the maintenance of an extra-hour scheme that is more beneficial that the common law one.

An accumulation of ancillary benefits

EDF has modernised its family policy as the Cour invited it to, however the level of benefits granted was not reduced. The same applies for other benefits from which EDF employees benefit.

Thus, the energy benefit allows its beneficiaries, both employees and retirees, to pay electricity at a tariff equivalent to 4% of the base tariff and

to be exempt from paying taxes. With no cap, this benefit does not encourage moderate energy consumption (in 2017, the loss of revenue incurred for EDF was estimated at \leq 295m and the amount of its long-term commitments is of \leq 2.95b).

Its housing stock remains oversized and enables employees who do not present any particular constraints to benefit from it.

As regards pensions, though the special regime's rules converge towards that of the general regime, some specificities Pensions remain. are therefore calculated, as is the case in the public sector, at a rate of 75% on the average of the last six months of salary, including thirteenth months excluding bonuses. Maintaining these specificities costs €800m per year, i.e. a long-term commitment of €22.6b, charged to companies and consumers through transmission tariff contribution.

Recommendations

For the company and public authorities, the following recommendations are issued:

- 1. develop the legal framework for wages in order to widen the scope of company-wide bargaining and to introduce more flexibility in the wage system;
- **2.** aincrease the portion of variable remuneration in total remuneration; improve differentiation in the allocation of bonuses;
- **3.** simplify additional remuneration schemes and better target them,

in order to reduce their number and their cost;

- **4.** put an end to the energy bonus in stages, by mobilising the following levers: reduce or put an end to the benefit beyond a certain electricity consumption level, implement a mechanism to index tariffs, leave energy taxes at employees' expense;
- **5.** adapt the size of the housing stock to exclusively meet the needs of employees who are subject to constraints related to their position.



5 Public transport in Toulouse: betting on a third metro line

In 2013, the Cour had observed a saturation of the transport network in the Greater Toulouse, weaknesses in its institutional organisation and the weight of financial constraints on upcoming investments. These observations are still quite relevant.

Betting on a third metro line

Whilst the Toulouse metropole is currently suffocated by automobile traffic, Tisséo Collectivités, the transport organiser authority which brings together four intermunicipalities, has chosen to concentrate its "mobility plan" (\leq 3.8b) on the construction of a third metro line (\leq 2.33b).

Aeroport Daurat Daurat

Aéroport Express line

Outline of the future third metro line

Source: Tisseo (11 July 2018)

It therefore favours serving the main employment areas by focusing on a north-west to south-east direction that passes through the aeronautical and aerospace clusters.

3rd metro line

This choice is a break with the directions set out in the previous urban transport plan (PDU) decided in 2012, the ambition of which was to cover the territory by developing a

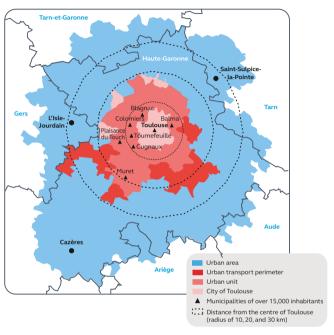
reserved-lane public surface transport network.

Connection Line B - 3rd line

As a consequence of this choice, carried out prior to the finalisation of studies on an alternative solution called the "railway star", several projects were rejected, such as the extension of metro line B and the development of reserved-lane bus lines, for which over €23m in expenses had been pledged.

Public transport in Toulouse: betting on a third metro line

The perimeter of urban transport within the Toulouse urban area



Source: CRC Occitanie Interpretation: the perimeter of urban transport includes the urban unit of Toulouse (in orange and pink on the map) and municipalities located outside of the urban unit (in red)

The uncertainties posed by the "mobility plan"

Uncertainties remain as regards the implementation of this ambitious project. The main uncertainty relates to the ability to direct towards public transport a sufficient share of the 500,000 new daily commutes by 2030, with the third metro line intended to absorb 200,000 new commutes.

The second uncertainty concerns the improvement of service to the southwest belt, for which the "mobility project" plans the installation of a south urban cable car accompanied by potential for subsequent expansion, without any implementation guarantees, when a

third of all employment in the urban transport perimeter is located along this south-west belt.

To this is added an insufficient coordination of the railway offer at urban scale: with some rare exceptions, the region and the metropole have not been able to revitalise railway service to Toulouse and its great suburb, which hinders home-workplace commutes in the outer suburbs.

A vital element in order to lead travellers towards the metro or the tramway, the upcoming attractiveness of the Linéo bus grid is also uncertain: entirely reserved-lane circuits have been abandoned in favour of "optimised" circuits.

Public transport in Toulouse: betting on a third metro line

Funding is still to be stabilised, but is bound to strongly weigh on Toulouse Metropole's financial leeway

The €3.864b funding for this project is not stable. It is likely to require a large increase in contributions from member collectivities, which would increase from €100m in 2017 to €180m per year as from 2026. The amounts also remain to be specified for two other resources: equipment subsidies, €700m of which are expected, including €368m already obtained, and debt, the outstanding amount of which could rise above €2.5b between 2024 and 2027.

Lastly, there is still strong uncertainty as to the final cost of the third metro line, due to a lack of completion of prior technical studies.

Managing the network's operating costs is a key issue

Control of costs is the condition for the financing of the third metro line. Yet, from 2012 to 2016, Tisséo Collectivités' contribution towards the operation of urban transport increased by 18.6% to cover the strong evolution in expenses.

Staff expenses increased by 21% over the period and those concerning the charter of bus lines increased by 27%.

The Toulouse network also suffers from insufficient income: compared with the four other main regional networks, it generates the lowest commercial income per trip. This arises from the free-of-charge policy which is applied, although it has been modified recently, and also from the high fraud level. Income from traffic per trip have also decreased over the period.

The "transport payment" tax (versement transport, VT) is still the leading source of Tisséo Collectivités' funding. Its product increased by 10.3% between 2012 and 2016; per inhabitant, it is the highest of all seven large urban transports networks in French regions.

Difficult financing arrangements

So as to lessen the increase in its members' contributions, Tisséo Collectivités managed to get back part of the depreciation expenses for the metro's B line. This did not comply with applicable accounting rules and is no longer justified.

Recommendations

To the State:

- **1.** stabilise the financial commitments expected from the State as regards the "mobilités 2020.2025.2030" project;
- **2.** put an end to the derogating process of reversing the amortisation of line B.

To the Occitania region and to Tisséo Collectivités:

3. discuss any necessary measures as

regards the railway servicing of the Toulouse urban area.

To Tisséo Collectivités:

4. carry out all prior technical studies, with a view to stabilising the financing plan for the "mobility plan":

To Tisséo Voyageurs:

5. improve the efficiency of the Tisséo metro/tram/bus network's management.



6 Food safety control: progress to solidify

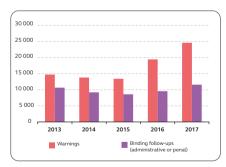
One of the State's sovereign missions, in France, checking food security is mainly entrusted to three ministry departments (agriculture, economy and health). The multiplication over the last few years of health warnings and crises relating to the food chain, with sometimes dramatic consequences on public health and a significant economic impact for companies involved, must encourage public authorities to be more vigilant. The Cour has already taken the opportunity, in its 2014 annual public report, of recalling the need to improve inspections and follow-ups to such crises by State services. The investigation carried out by the Cour in 2018 shows that the progress that has since been achieved must be consolidated.

Progress in the programming, targeting and follow-ups to inspections

The risk management task performed by the General Directorate for Food (Direction Générale de l'Alimentation, DGAL) and the Directorate General for Competition, Consumer Affairs and Fraud Control (Direction générale de la concurrence, de la consommation et de la répression des fraudes, DGCCRF) has been able to adapt, within a restricted budgetary framework, to the growing complexity of production and distribution cycles and the multiplication of health risks, particularly thanks to inspection and surveillance plans with the objective of improving prevention. Checks have been generally better focused on highrisk sectors and companies, which led to the observation of stable, and even growing, anomaly rates, despite a decline in the number of inspections.

The follow-up policy applied by the supervisory body is now better framed, better harmonised, and has more effective sanctions: follow-ups to inspections, whether administrative or penal, have increased since 2016 in all categories.

Evolution of warnings and binding follow-ups further to inspections carried out by the DGAL between 2013 and 2017



Source: DGAL

An inspection chain to be strengthened

Self-checks implemented by companies are still insufficiently overseen, as demonstrated by the Lactalis incident. It has only been a

Food safety control: progress to solidify

short while since the act of 30 October 2018 for balance in trade relations in the agricultural and food sector and for healthy and sustainable food (called the Egalim Act) introduced the requirement for professionals to mandatorily provide the analytical results of their self-checks that are likely to present health risks, including when such risks arise from the production environment and not the product alone, under penalty of sanctions. These new provisions are yet to be implemented by companies, under the watchful eye of the State's departments. The measures withdrawal and recall of dangerous foods must be more effective, as also revealed by the Lactalis incident. The Cour invites the public administration to implement, as soon as possible, its suggestions aiming to enable the blocking of involved batches at the till and the publication on a unique website of any ongoing withdrawals/ recalls.

The administration's inspections still fail to reach their objectives, either because a growing number of establishments derogate from the obligation to obtain authorisation, as provided by European law, without being subject to any specific risk analysis, or because the DGAL is unable to comply, in over a thousand poultry and rabbit slaughterhouses, with European regulations which require the systematic presence of official veterinarians and assistants on-site. It is still due to a lack of available human resources, but also due to the number and the dispersion of the structures to inspect, that some establishments, such as restaurants are only inspected by health safety services every 15 years on average. It is also desirable that all results of inspections carried out be published. Thus, it is not acceptable that the DGCCRF does not publish, as the DGAL does in application of the relevant texts, the results of its inspections in the catering field, on the "Alim'confiance" website, that is accessible to all consumers.

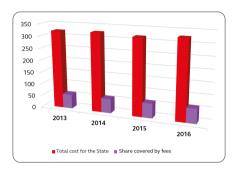
Governance to clarify and funding to be optimised

Whilst in most European countries, food safety is managed by a single body, in France, this public policy is divided amongst several stakeholders whose coordination should be improved. both at central administration level. where a single leading player should be designated for all three ministries involved, and at decentralised level. where the steering function carried out by regional and départemental services should be better managed by regional directorates. The different laboratory networks involved in food safety should further pool their resources.

Funding for this public policy should be optimised. Although all three of the State's budget programmes contribute towards it, there is no transversal document that would provide an overview of the resources implemented and enable its monitoring. Furthermore, the financial participation of professionals towards funding the administration's inspections brought about by their activity is still very low (around 10% of the total cost) compared with other countries (47% in Denmark for example).

Food safety control: progress to solidify

Coverage of food safety expenses by professionals between 2013 and 2016 (in €m)



Source: Cour des comptes

The taxes paid by professionals are also highly dispersed and provide a low yield. The Cour recommends that the administration examine the means to improve yields from these taxes, which would allow to cover a larger portion of the costs incurred and increase the number of health inspections carried out by public authorities.

Recommendations

These findings lead the Cour des comptes to issue the following recommendations:

- **1.** (DGAL, DGCCRF) ensure the effectiveness of measures to withdraw or recall dangerous foodstuffs, in particular by resorting to blocking these at the till in the most serious cases;
- **2.** (DGAL, DGCCRF) publish all dangerous foodstuff withdrawal and recall measures on a single website;
- **3.** (DGAL) establish an analysis of risks that is specific to establishments

benefitting from a derogation to the obligation to obtain authorisation provided for by European Regulation no. 853/2004, and, as a consequence, set out the programme for their inspection;

- **4.** (*Public authorities*) designate a leading player for the entire food safety inspection mechanism;
- **5.** (DGAL, DGFIP) have professionals further participate towards the funding of health inspections by increasing the yield from health fees provided by the General Tax Code.

Chapter III

Cour des Comptes warns

- 1. The blood chain in France: a weakened economic model, a need for transformation
- 2. The National Agency for the Professional Training of Adults (Agence nationale pour la formation professionnelle des adultes, Afpa): a vital reform
- 3. The Bobigny municipality's management of human resources: years of failure



1 The blood chain in France: a weakened economic model, a need for transformation

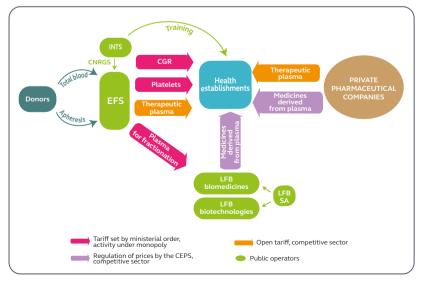
Following the contaminated blood crisis, the French mechanism for the collection of blood and blood products has been restructured around three operators since the 1990's:

- the Établissement français du sang (EFS), a public establishment with the monopoly on blood collection in France:
- the Laboratoire français du fractionnement et des biotechnologies (LFB), a public-owned limited company responsible for manufacturing medicines obtained from the fractionation of human plasma;

- the Institut national de la transfusion sanguine (INTS), public interest grouping (GIP) comprised of the national health insurance fund (caisse nationale d'assurance maladie, CNAM) and the EFS, in charge of reference, training and research missions.

In the context of a new investigation, the Cour examined the implementation of the recommendations in its 2010 annual public report. It also observed that the economic and regulatory context of the blood and its by-products chain had profoundly evolved and gave rise to significant risks for its continuity.

Organisation of the blood chain in France



Source: Cour des comptes

The blood chain in France: a weakened economic model, a need for transformation

Reconsideration of operators' activity conditions

Today, the EFS' economic balance brought into question. constant decrease since 2012 of health establishments' demand for blood products has until now been compensated for by an increase in the administered tariffs for these products. borne by health insurance. However, establishments' production costs remain high, particularly due to an empiric and under-efficient organisation of collections. establishment's other activities, such as immunohematology testing, health centres and placental blood bank management are in deficit.

Since the 2000's the LFB has developed an activity on creating and manufacturing medicines from biotechnology, funded by the margin created by the fabrication of medicines derived from plasma. This strategy ended in failure and did not generate significant turnover, with the products developed not having received the market authorisations requested from American authorities. The priority granted to biotechnological development has also led to limited investments and limited updating of the LFB's industrial-quality systems in its core business of fractionation of plasma. In 2017 and 2018, the Agence nationale de sécurité du médicament et des produits de santé (ANSM) questioned the quality of the company's industrial processes in this field through two injunctions. The resolution of these problems required a sharp slowdown in production and turnover, and generated an increase in costs, leading to a loss in 2017 of over 30% of the year's turnover. The

French State as a shareholder holds a part of the responsibility in this strategy's failure, the LFB not having been provided up until 2017 with a governance capable of actually making strategic choices and controlling the actions of the company's managers.

Risks weighing on the economic and financial equilibrium of operators over the next few years

operational Several financial and challenges await the EFS: opening to competition on the therapeutic plasma market could be extended to other products; new good European practices adopted by the European Commission in 2016 relating to blood transfusion are yet to be implemented; the normalization of the establishment's VAT regime in 2019 (representing a loss of €76.5m per year) should be neutral as regards the EFS' result in 2019 thanks to two sustainable measures for 2019 and the following years and to an exceptional allowance from the health insurance body for 2019 alone.

The maintaining of a French chain manufacturing medicines plasma requires the construction of a new factory for the fractionation of plasma, with is vital to modernize the LFB's industrial tool and to increase its production capacities. This project was launched belatedly, and its cost was initially underestimated. Today, it has accumulated delays and its funding is no longer assured, despite a €230m increase in capital provided by the French State in 2015, due to the increase in its costs and in the losses suffered by the LFB group.

The blood chain in France: a weakened economic model, a need for transformation

Choices to make to ensure the continuity of the French blood chain, which require quick and coordinated action from public authorities

The management of EFS must now be modernized and the regulatory framework for its activity must be amended. The establishment must improve its ability to manage its network, which is still too affected by disparities in its organisation and in its operation according to regions. It must also accelerate its digital transformation by committing more resolutely to modernizing its relationships with donors and health establishments. Furthermore, it must rationalise and refocus its activities on collection and its related activities. which weigh on its operating income : immunohematology testing, health centres, placental blood banks in particular. The expenses allocated to research and to innovative therapy medicine platforms must also be reviewed and refocused around the EFS' core business.

Lastly, the constraints weighing on the qualifications of collection staff should be reduced as in other similar countries, by authorising collections accompanied by medical teleassistance, without the mandatory presence of a doctor on-site.

The INTS, whose management has been insufficiently supervised by its governing ministries and which has often been found lacking, no longer has its place in the mechanism in its current form. Its missions and its teams must be transferred to other structures, by preserving the expertise acquired in the field of blood transfusion.

The choice made by France for a national capacity for fractionation of plasma secures part of supplies to French hospitals as regards medicines manufactured from ethical donations. To allow for sufficient availability of this resource, plasma donations should be encouraged, which mobilise donors over a long period, by compensating donations more systematically and in a manner that is more representative of the actual costs incurred, whilst complying with ethical principles.

On its part, the LFB must refocus on its activity relating to the manufacturing of medicines derived from plasma, by disengaging, at least partially, with biotechnologies. It must quickly examine, with its shareholder, all funding solutions to properly construct its new factory, without excluding opening its company or its subsidiaries' capital to new partners as permitted by the Act of 6 August 2015.

The blood chain in France: a weakened economic model, a need for transformation

Recommendations

The Cour des comptes issues the following recommendations:

- **1.** Modernize the framework for EFS' activity:
 - (EFS) improve the steering, carried out by EFS management, of the activities of regional establishments, and particularly concerning the organisation of collections and refocus the establishment's activities on its core business;
 - (EFS, DGS) pplace digital transformation and the automation of EFS production processes at the heart of the next Objectives and Performance Contract (COP) 2019-2022;
 - (DGS) reassess the requirements relating to the qualifications of collection staff.

- **2.** (DGS) Link the INTS' research and training activities to a hospital university structure and dissolve the GIP.
- **3.** Consolidate the French sector on medicines derived from plasma:
 - (EFS) systematically compensate plasma donations by apheresis and increase the compensation ceiling for donors;
 - (APE, LFB) operate total or partial disengagement with biotechnology activities;
 - -(APE) examine all funding solutions capable of covering the investment in the new plasma fractionation factory, including resorting to the possibilities offered by Act no. 2015-990 of 6 August 2015.



2 The National Agency for the Professional Training of Adults (Agence nationale pour la formation professionnelle des adultes, Afpa): a vital reform

The Afpa, which, since its origin, was an association, has been transformed in 2017 into a State-owned industrial and commercial establishment and renamed National Agency for the Professional Training of Adults. The previous audit of its accounts and of its management had led to a report submitted to the Senate in December 2013. In it, the Cour noted unfavourable financial perspectives. The audit that it carried out in 2018 confirmed this diagnostic, with the Afpa's circumstances having greatly deteriorated.

A major training organisation in deficit over the last ten years

The Afpa is a historic and renowned operator in the field of professional training in France, employing over 8,200 employees on a full-time equivalent basis, for revenues of approximately

€700m per year. The majority of the 145,000 trainees received each year are job-seekers. Its performance appears good on the whole: 66% of its trainees who were job-seekers find employment within six months of completing their training, this rate being around 60% on average all training bodies included.

These Afpa assets were brought into question by the market being opened to competition, at the same time as a large part of public orders were decentralised to regions, given the high level of its costs and its difficulty in adapting to the evolution of demand. The Afpa was not able to adapt to its other clients either. Thus, it continues to lose market shares and has been continually in deficit for the last decade, with a cumulative operating loss of over half a billion euros between 2013 and 2017.

The Afpa's operating result

In €m	Average 2007-2012	2013	2014	2015	2016	2017
Operating revenue	955.2	798.6	792.3	750.7	801.8	780.3
Operating costs	1,007.9	888.5	887.4	867.1	904.1	884.4
Operating result	-56.7	-89.9	-95.1	-116.4	-102.3	-104.1

Source: Cour des Comptes, according to the Afpa's annual accounts

The National Agency for the Professional Training of Adults (Agence nationale pour la formation professionnelle des adultes, Afpa): a vital reform

To avoid suspension of payments, the State provided it with exceptional aids between 2013 and 2018 to a total amount of over €360m, in addition to payment arrangements for fiscal, social and rental debts. Questions are raised as regards the compatibility of these aids with competition law.

Defective steering and flawed management

Afpa's competitivity is penalised by structural costs that are too high, both as regards staff expenses and operating costs. Property charges increased by 16% between 2013 and 2016, to reach close to €14m.

Whilst the Afpa should have adapted its expenses to the decrease in its income, the measures taken at the end of 2012 as part of a reorganisation plan were largely insufficient and improperly applied. The prospect of the association's transformation into a State-owned establishment on 1 January 2017 was still not the opportunity for public authorities to lay out, prior to the change in status, arbitrations setting out their requirements in terms of financial recovery and the redefining of the economic model.

Besides the recurring operating deficit, the Afpa is exposed to two financial risks: the settlement of social, fiscal and undertaking debts for

a total amount of €233m; the cost of restoring 116 properties transferred on creation of the State-owned establishment, representing €1.4b according to 2009 estimates.

A future conditioned by widescale restructuring

The loss of regional markets is expected to continue. Income could therefore reach an all-time low of around €600m in 2020, i.e. close to 25% less compared with the annual average observed between 2013 and 2017.

Only just announced in October 2018, the plan to transform the Afpa includes the closing of 38 sites. In case of property transfer, buyers still need to be found, with the quality and the state of repair of these premises being very disparate. A job-saving plan should be negotiated by March 2019 with social partners. 1,541 permanent contract positions are planned to disappear by 2020 and 603 are to be created, which, other than for natural departures due to retirement, shall require part of the employees concerned to retrain, voluntary departures and dismissals, the costs of which must be managed.

The very high uncertainties weighing on the Afpa's continuity cannot be resolved without a wide-scale restructuring which must be carried out without delay.

 $^{^{1}}$ According to Afpa, a more updated audit evaluates the cost of restoring at \in 730m.

The National Agency for the Professional Training of Adults (Agence nationale pour la formation professionnelle des adultes, Afpa): a vital reform

Recommendations

The Cour des comptes issues the following recommendations:

- **1.** (Afpa) fully apply all measures to reduce expenses and financial recovery measures provided for in the transformation plan, as well as those requested by the State;
- **2.** (Afpa) review the economic model to improve its competitiveness and to restore profitability in a
- competitive environment in which its market share is expected to continue to shrink;
- **3.** (État) condition any new aid on specific financial result objectives that should be met in the shortand medium-term and, where these objectives are not achieved, consider closing the establishment.



The Bobigny municipality's management of human resources: years of failure

Human resource management has long been the main weakness of the Bobigny municipality, as the regional court of audit had already observed in its 2010 report. Île-de-France. In 2015 and 2018, two new reports confirmed the persistence of a "on-sight steering" and multiple irregularities leading to considerable extra costs. The municipality could no longer avoid an action plan targeting compliance with reminders of the law and the recommendations formulated by the court.

"On-sight steering"

Bobigny's human resource management has lona been limited to administrative tasks devoid of any strategic dimension. The municipality has not provided itself with the most elementary steering tools, whether as regards careers, the counting of its workforce or its working time. It was therefore unable to plan any evolutions in its wage bill with precision.

Failing a medium- and long-term approach, the municipality's human resource management was characterised by a lack of significant reforms. Mainly implemented between 1991 and 2004, the allowance regime has not much changed since. The

municipality still does not count the working hours of most of its employees despite its acquisition, in 2011, of badge readers and the relevant software.

From 2010 to now: timid improvement and the persistence of many irregularities

Whilst no less than ten recommendations had been issued by the regional court of audit in 2010 in the field of human resources, only three had been implemented in 2017.

As from 2014, following a change in majority, the municipality launched recovery measures, the effects of which are moderate. Thus, in 2016, objectives to stabilise the wage bill were set, however, lacking structural measures in support, staff expenses continued to increase in 2017.

Furthermore, the 2015 and 2018 reports of the regional court of audits highlighted many irregularities affecting the situation of contractual employees. In particular, between April 2014 and May 2015, the court identified twelve irregular hires accompanied by improper wage levels, three of which surpassed €5,000 net per month.

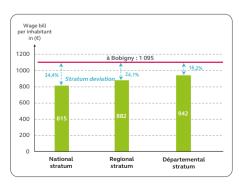
The Bobigny municipality's management of human resources: years of failure

Dire consequences for the municipality's financial situation

Bobigny's staff expenses are 34% higher than that of municipalities of a similar size. Part of this gap is due to the specificities of the territory and of its population, which is younger than elsewhere and faced with significant social difficulties, which lead the municipality to roll-out greater resources in the educational and extracurricular field and to intervene in the health sector.

However, these extra costs also result from many management shortcomings. The annual working time was irregularly set 88 hours under the legal working time of 1,607 hours, representing a €3m loss of revenue. This situation is worsened by a high level of absenteeism (13.5%). The administration rate is above the average and widespread recourse to contractual agents leads to extra costs in unemployment compensation.

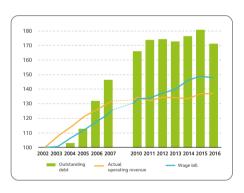
The wage bill of the Bobigny municipality and of other similar-sized municipalities



Source: DGFiP (Stratum of municipalities of 50,000 to 99,999 inhabitants)

The wage bill has increased at a rapid pace, contributing stiffening the municipal budget, of which it now represents almost two-thirds. To finance increases in staff expenses of 4.2% per year on average between 2002 and 2007, the municipality first sharply increased local fiscal rates. Subsequently, the wage bill continued to progress by 1.7% per year. It impeded the municipality from fully profiting from the high level of equalisation measures from which it benefitted.

Compared evolution of the wage bill, operating revenue and debt (in €m)



Source: Cour des comptes, according to the Bobigny municipality's administrative accounts

Bobigny therefore deprived itself of surpluses which could have enabled it to finance its many investment needs without excessively resorting to loans. The municipal debt increased by 80% between 2002 and 2015. The loans taken out between 2004 and 2008 were particularly risky and subsequently led to considerable extra costs for renegotiations and interest.

The Bobigny municipality's management of human resources: years of failure

An action plan launched in 2018, to be implemented without delay

The audit carried out by the regional court of audits in 2017 provided the municipality with an in-depth diagnostic of its human resource management, with thirteen recommendations, some of which were reminders of the law, relating in particular to working times or wage arrangements.

It sped-up certain reforms relating to the allocation of benefits in-kind. The municipality put an end to the jobs of associates of elected groups that it had created without authorisation, implemented a reclassification programme and resolved the irregular situations of several contractual agents. The position of human resource director,

which had long been vacant, was filled and a department was created dedicated to the forward-looking management of the workforce, of jobs and of skills.

The municipality used the court's recommendations to establish an action plan. Covering the 2018-2019 period, this plan foresees the rolling out of monitoring and steering tools. In 2019, strengthened dialogue should allow to deal with subjects relating to working times, the abolishment of the irregular annual bonus and the modernisation of employees' allowance regime all at once.

Given the magnitude of the dysfunction observed and the absence of significant follow-up by the municipality to the two previous audits, the Cour will be attentive to the implementation of this action plan.

Chapter IV

Follow-up of recommendations in 2018



Follow-up to the Cour's recommendations in 2018

The degree of implementation of the recommendations issued by the Cour is the main performance indicator for the

State's budget programme relating to financial courts (programme 164 - Cour des comptes and other financial courts).

Evolution of the indicator of recommendation monitoring over the last three years

	2016 (monitoring of recommendations issued in 2013, 2014 and 2015)	2017 (monitoring of recommendations issued in 2014, 2015 and 2016)	2018 (monitoring of recommendations issued in 2015, 2016 and 2017)
Number of recommendations monitored	1,623	1,647	1,571
including recommendations partially or completely implemented	1,168	1,197	1,138
i.e	72%	72,7%	72,4%

Source: Cour des comptes

It provides a report of the follow-up to 1,571 recommendations issued by the Cour in its publications over the last three years, i.e. between 1 March 2015 and 28 February 2018. The number of recommendations monitored is in slight decline in 2018, essentially due

to the decline in the number of the Cour's publications.

To be considered effective, implementation need not necessarily be total; it may be merely partial, that is in progress or incomplete.

Follow-up to the Cour's recommendations in 2018

Rating of recommendations issued by the Cour monitored in 2015, 2016 and 2017

Rating	2016 (monitoring of recommendations issued in 2013, 2014 and 2015)		2017 (monitoring of recommendations issued in 2014, 2015 and 2016)		2018 (monitoring of recommendations issued in 2015, 2016 and 2017)	
	Number	%	Number	%	Number	%
Completely implemented	405	25,0%	399	24,2%	377	24%
Implementation in progress	513	31,6%	512	31,1%	544	34,6%
Implementation incomplete	250	15,4%	286	17,4%	217	13,8%
Not implemented	316	19,5%	341	20,7%	321	20,5%
No longer applicable	21	1,3%	16	1,0%	15	0,9%
Refusal to implement	118	7,3%	93	5,6%	97	6,2%
Total	1,623	100%	1,647	100%	1,571	100%

Source: Cour des comptes

In 2018, 72.4% of recommendations are completely or partially implemented (i.e. 1,138 of 1,571 recommendations monitored). The relative stability of the overall indicator is tied to the increase in recommendations whose implementation is in progress, which

slightly compensated for the decrease in the number of recommendations completely implemented. The Cour's interventions often require structural reforms, which can take a long time to implement.

Chapter V

Follow-up to the CRTCs' recommendations in 2018



Follow-up to the CRTCs' recommendations in 2018

The work carried out by the regional and territorial courts of audit (CRTCs) aim to improve regularity, effectiveness efficiency of local public management. this purpose, their reports For recommendations. contain implementation of which, up until recently, was checked by the courts following an adversarial procedure or during the next audit.

Now, Article 107 of the Act of 7 August 2015 provides that, within a period of one year as from their presentation to the deliberative assembly, the collectivity's authorising officer or the president of the public inter-municipality cooperation establishment (EPIC) shall present any actions taken towards compliance in a report submitted to said assembly. As the recipient of these reports, the CRTC sends a summary of these reports to the Cour, whose annual public report contains a presentation of follow-ups to such recommendations.

For this second summary, the period used by the courts is that from 1 October 2016 to 30 September 2017. With 20 authorising officers having not met legal requirements, the CRTCs received 328 monitoring

reports and, in total, the RPA's summary concerned 1,951 recommendations.

The law does not enforce any constraints on authorising officers as regards justifying the actions taken to follow such recommendations. In general, failing specific prescriptions as regards their format and their content, reports are very diverse. However, it appears from the CRTCs' summaries that, on the whole, authorising officers have met their obligations to follow-up on findings and have satisfactorily informed the members of the deliberative assembly.

This second period is even characterised by an upwards trend in the quality of monitoring reports: several courts have observed that more bodies have spontaneously provided supporting documents, that the format of monitoring reports is more uniform or that, during this second period, many authorising officers had committed to indicating which contextual elements had led them to follow or not follow the recommendations.

Among those followed this year by the CRTCs, almost four in five were completely implemented or are in the process of being implemented.

Follow-up to the CRTCs' recommendations in 2018

Ranking of the CRTCs' recommendations monitored in 2018

Rating	Number of recommendations monitored	In % of the number of recommendations
Completely implemented	802	41,1%
Implementation in progress	611	31,3%
Implementation incomplete	126	6,5%
Not implemented	331	17 %
No longer applicable	45	2,3 %
Refusal to implement	36	1,8 %
Total	1,951	100 %

Source: Cour des comptes

Indeed, the 1,951 recommendations monitored are not all of the same nature, nor of the same importance. An implementation rate of around 80%, whether complete or partial, cannot hide the fact that in some cases essential recommendations, such as respect for legal working times, are sometimes not followed.

However, generally, in comparison with the previous period, we have observed a significant increase in follow-up measures in the process of being implemented or having been implemented (+12%); this is a much sharper increase than that of the total number of recommendations, which the reports drafted by the audited bodies should account for (+8%).