



Conference

The series of conferences "Romania-France: together in Europe"

Monitoring and controlling public policies and expenditures

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- EVENT REPORT -

Synopsis

The Court of Accounts of France becomes a key instrument within the French financial policies and is a key element in the evaluation of public policies. It is necessary a general evaluation of all the public expenditures in order to optimize them and to make the public funds expenditure process more efficient.

Full event report

A new event in the series of conferences "Romania-France: Together in Europe" took place Monday, 27 June 2011. These events aim at creating a French and Romanian perspective over the integration challenges into the European Union for Romanian. The conference was held by **Jean-François Benard**, Prosecutor General of the Court of Accounts and was attended by His Excellency **Henri PAUL**, Ambassador of the French Republic in Romania. The conference was chaired by **Gabriela DRĂGAN**, Director General of the European Institute of Romania (EIR).

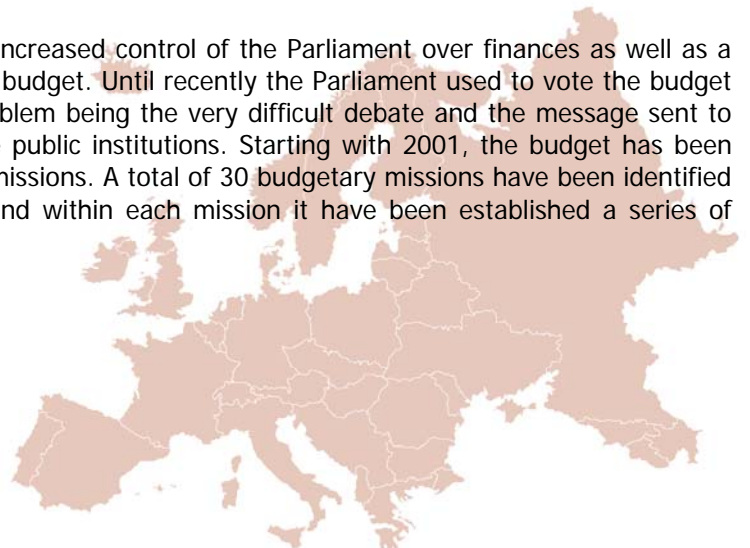
In the opening, His Excellency **Henri Paul** mentioned the positive results of the series of conferences "Romania – France: together in Europe" as well as its success. Returning to the topic of the conference, His Excellency highlighted the central role of the Court of Auditors in a world dominated by the economic crisis.

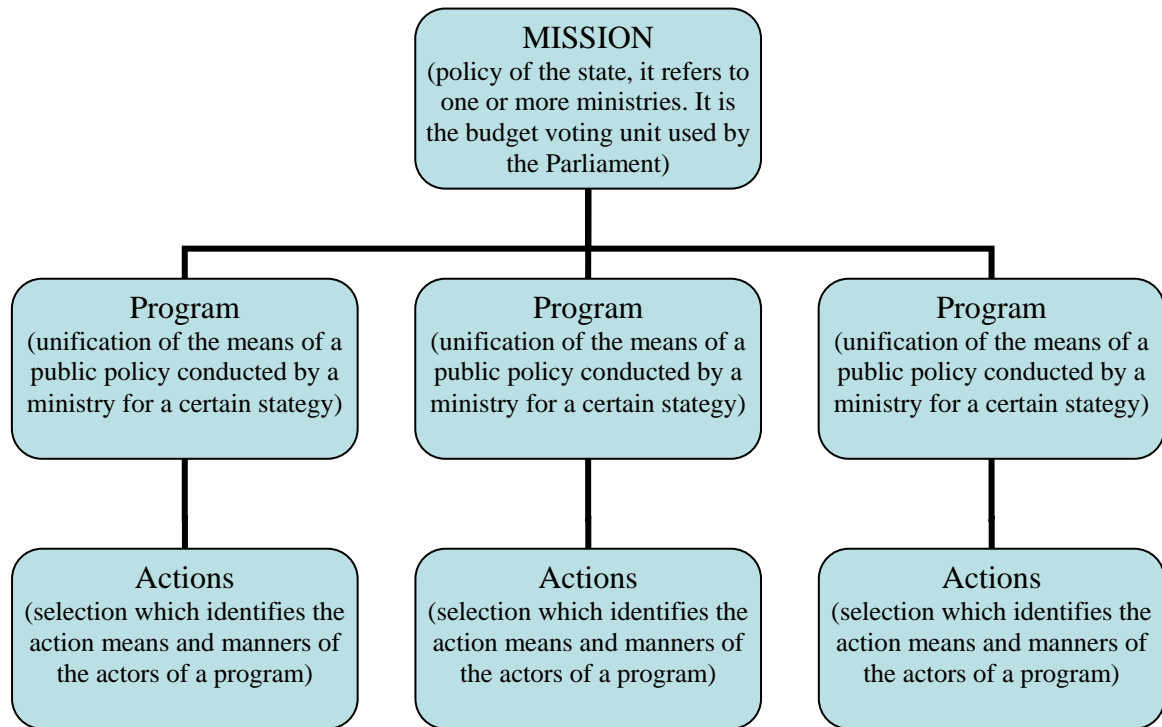
Jean-François Benard started by highlighting the three parts structure of his presentation meant to offer to the Romanian public a clear image over the French Court of Accounts. The current economic crisis is, in the same time, a financial crisis because the states, in order to eliminate the bankruptcy risk, have undertaken the debts of the banking system. As the risks have been transferred to the states, their sovereign debt ceased to be considered as free of risks. The crisis involved an increased role of the Court of Accounts as the banks wanted to get a clear image of the state's accounts in order to eliminate the lack of trust.

I. Legal framework

A) State budget

The financial procedures have to allow an increased control of the Parliament over finances as well as a better control of local authorities over their budget. Until recently the Parliament used to vote the budget for each institution in France, the main problem being the very difficult debate and the message sent to the public: an inefficient functioning of the public institutions. Starting with 2001, the budget has been treated from the perspective of budgetary missions. A total of 30 budgetary missions have been identified (education, security, social security etc.) and within each mission it have been established a series of priority programs and actions;





An important role is played in the budgetary equation by the programming laws that allow the ministries to follow the evolution of the programmes during an average duration of three years. It is also taken into consideration the modification of the Constitution by introducing the framework laws on finance as intermediary between the Constitution and the Budget Law.

B) financing the Social security

It is very important in the dynamics of the financing process of the Social security to understand the legal nature of the social contributions which are not tax imposed, being regulated and not imposed.

C) financing the territorial organisations

The territorial organisations have the right to freely manage themselves based on their resources, and the local budgets have to take into consideration a so-called "golden rule" which prohibits voting unbalanced budgets based on deficits.

II. Diagnosis instruments

A) Budget accounting

It only takes into consideration the budget entries and outputs, often presenting a distorted image of the public finance.

B) General accounting

It resembles the accounting of enterprises and it also takes into consideration the future incomes and expenditures, being certified by the Court of Auditors.

C) National accounting

It takes into consideration the balance and public debt and can be divided into categories by the public administration.





III. Public finance management policies

The Stability and Growth Pact and the stability programs play an important role in the management of public finances.

A) Risk analysis

The main risks identified are: public debt, ageing population and the pension system (expected life-span increases with a quarter per year and the retirement age has been increased from 60 to 62 years).

B) Progress estimation

The potential growth, structural deficit – structural effort and the sustainability indicators have to be taken into consideration.

C) Recovery measures

The tax expenditure and allowances have been or are going to be analyzed. The general revision of the public policies and their evaluation for establishing their efficiency is currently taking place.

The economic recovery follows a progressive rate based on gradual reforms. The role of the Court of Accounts is continually increasing and helps for a greater transparency of the public finances.

For more details go to <http://www.ccomptes.fr/fr/JF/Accueil.html>

Report by
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