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FRENCH REGIONAL AND TERRITORIAL AUDIT CHAMBERS AND THE AUDIT OF NEW FORMS OF FINANCING AND OUTSOURCING OF PUBLIC ACTIVITIES

French local authorities – or their groupings (intermunicipal associations and similar) – have a long tradition of outsourcing public duties, inter alia, where “local industrial and commercial public services” (or “SPIC”) are concerned, that is electricity supply, collection and treatment of household waste, urban public transport, supply of drinking water and purification of waste water. For some years now, the issue of new environmental protection and safety regulations have required major work in these sectors and the search for the associated funding; at the same time, domestic and Community legislation have opened up most of the activities concerned to competition.

Since 1995, the legislator has made regional and territorial audit chambers (CRTC) responsible for issuing an opinion on the outsourcing of public services which the authorities prepare to implement, at the request of the Government representative in the department, the prefect, of the one part, and reviewing the reports and accounts delivered by the service provider (the enterprise) to the outsourcing authority when auditing the financial management of the authority concerned, of the other. Therefore, the CRTC have gradually developed real financial but also economic and technical expertise, which is all the more necessary since the service providers are generally the subsidiaries of the leading global enterprises in the sector. This is true of the energy sector with EDF (“Électricité de France”) and GDF (“Gaz de France”) as well as the environmental sector (water and waste) with Veolia and Suez. Today this know-how is proving particularly valuable in light of current issues.

The methodology used, which will be explained by examples from the public results of audits performed, combines

- the regularity audit (competition regulations, due transparency to the outsourcing authority and the deliberating assembly thereof)
- the examination of the reliability of the accounts (consistency of accounting methods, outsourcing scope, true and fair view on the financial condition and depreciation techniques)
- the performance audit (the price for the user, residual cost for the authority and quality of service).

The audits carried out have made it possible to show several possible paths of improvement; a summary was drafted within the framework of joint investigations between several CRTC and the national court of audit. Operational conclusions, which have already had concrete results for some, were published for the electricity supply (public report 2002), water and purification (public report of December 2003) and urban public transport sectors (public report April 2005).