



## Assessment of budget spending in 2022 – “Emergency planning for the pandemic”

Financial and compliance audit

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**FULL REPORT (FR)** 

### What we assessed and why

During our audit, we assessed the mission<sup>1</sup> “Emergency planning for the pandemic”, which was agreed in March 2020. It was initially designed to support businesses affected by the pandemic. At a first stage, the budget covered two main measures:

- the exceptional facility for partial unemployment (“partial activity”, programme 356);
- the solidarity fund for businesses affected by restrictions on their activity (programme 357).

During 2020, two additional programmes were added covering the following measures:

- extraordinary state equity investments (programme 358);
- compensation for the extraordinary measure exempting employers from social security contributions (programme 360).

In 2021 a fifth programme was set up to finance the purchase of protective masks for the general public (programme 366).

### What we found

Although the mission was intended to be temporary, it was extended into 2022 to finance outstanding payments from 2021 and any further expenditure. Residual appropriations were opened in 2022, but the mission was converted into a reserve for new general budgetary emergencies, which distanced it from its original objective. In April 2022, a decree in advance<sup>2</sup> cancelled appropriations for measures not linked to the pandemic. This was criticised as a breach of budgetary principles.

<sup>1</sup> In France, the State’s budget is divided into “missions” (or “assignments”), programmes and actions, according to the purpose of the expenditure.

<sup>2</sup> Under the budgetary French law, a “decree in advance” is a regulatory act by which, in case of emergencies, the Government makes changes to the appropriations of the Finance Act in force, which must be ratified in the next Finance Act.





The costliest spending programmes (programmes 357 and 360) became unsustainable due to changes in the allocation of funds. In April 2022, around €653 million of programme 357 was at risk of becoming unsustainable, and payments to the central agency for social security bodies – *Accoss* – could no longer be honoured through programme 360. We found breaches of the budgetary principles of annuality and specificity.

Being non-permanent, the mission was withdrawn at the end of 2022, and expenditure was redirected to permanent programmes. We found that spending on programme 356 in 2022 was excessive in relation to the needs, with carryovers of appropriations cancelled. Spending on programme 357 fell in 2022, with necessary *ex post* checks. Many appropriations from the programme 358 were cancelled in 2022, and payments were made from programme 360 at the end of the fiscal year.

We also found an unnecessary surplus for social security compensation payments in programme 360.

In addition, programme 366, for the purchase of sanitary equipment, was overfunded in 2022. Since 2020, more than €79 billion had been spent under this mission on supporting businesses. However, we deplored the lack of performance indicators for assessing actual results and highlighted repeated breaches of budgetary principles.

## What we concluded

We concluded that the excess paid in 2022 to compensate for the reductions in social security contributions that were granted to businesses most affected by the pandemic should be regularised in 2023.

A set of terms and conditions should be set for the annual compensation for tax reductions which may be declared on a rectifying basis until 2025.

We recommended *ex post* checks to be carried out from 2023, and we stressed that the end of the mission should not exempt authorities from these checks.