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Performance-Based Budgeting in France

Session 4: Performance Audit, as a Tool for Improving Effetiveness and Efficiency of PF Management

Frédéric Bobay

General Directorate of the Treasury and Economic Policy
Ministry of Economy, Industry, and Employment
France

MINISTÈRE DE L'ÉCONOMIE
DES FINANCES ET DE L'INDUSTRIE

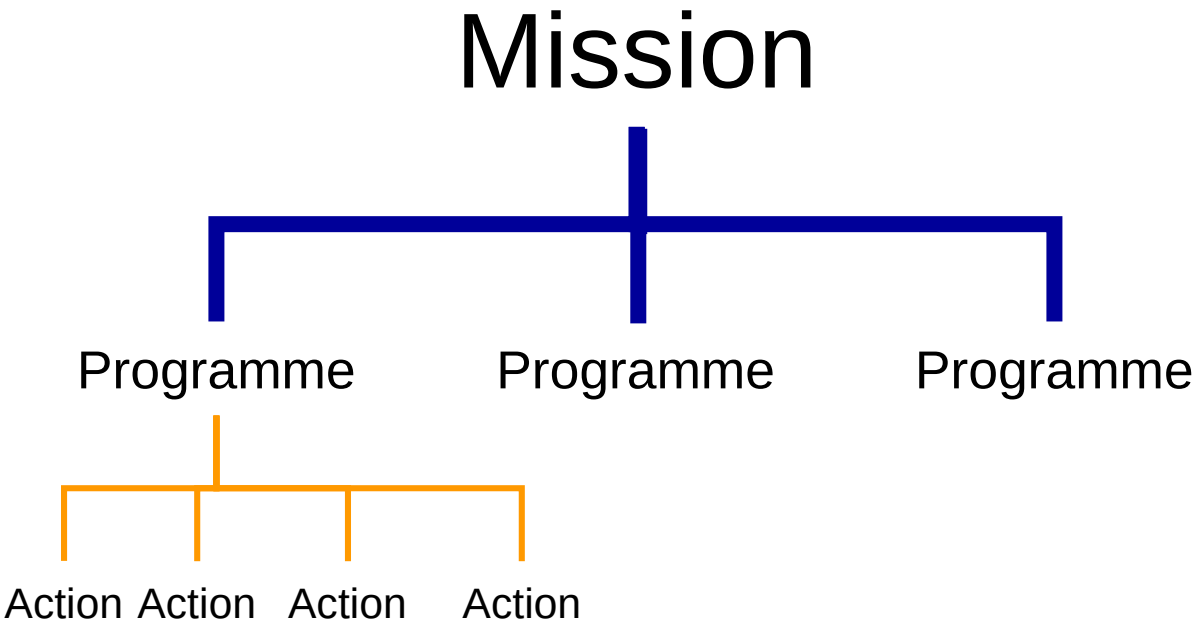
LOLF
“Loi Organique sur les Lois de Finances”

The 2001 French Constitutional Bylaw on Budget Acts

Outline:

- Documenting Performance
- Incentive from Performance
- Controlling and auditing performance information
- Performance taxonomy

Budget structured by public policy



Documenting performance: goals and indicators

The performance budgeting cycle

- PAPs: Annual performance programme

  Budget document in the budget act: defines goals and performance indicators for future year
- RAPs: Annual performance report

  Budget document in the budget cloture act: report on performance achievements of previous year

In the PAPs and RAPs, for each Programme:

- On average 5 goals per Programme
- On average 2 Indicators per goal
- Adjustment of goals and indicators over the years

Performance incentive: Spending flexibility and steering

Increased flexibility for the Government in implementing the budget

- Within a Programme: ex-ante credit structure of each Action is non-binding for the manager
- Dedicated reporting system for spending management and performance follow-up (Actions within the Programme)

Performance steering: the Programme Manager

- Following decision by the Director of Financial Affairs
- He is granted appropriations, which he distributes for internal management needs,
- He is accountable to Parliament for performance: the **Annual Performance Plan** (appended to the budget act)
- He reports to Parliament: the **Annual Performance Report** (appended to the budget review act)

Controlling performance information

- **The Inter-Department Performance Audit Committee (CIAP)**

  (*CIAP: Comité Interministériel d'Audit des Programmes*)

  - Responsability: To guaranty the relevance of performance indicators and the reliability of performance data.
  - Supervises the relevance and methodology of performance indicators. Provides doctrinal orientations for PI.
  - Provides quality control of the performance documents (*PAPs* and *RAPs)* before their submission to the Parliament.
  - Provides assistance to line ministries on technical difficulties associated with performance methodology and data relevance and accuracy.

  - Members: internal auditors from lines ministries. Chairman: internal auditor from the ministry of finances.

    A strong body mandated to audit performance information. Created by the constitutional law, with autonomy and credibility.

Other controls of performance

- **A single "Performance assessment manual"**
  - Jointly designed and used by the Government, the Parliament and the National Audit Office.
- **Parliament involvement in Performance process (political leadership)**
  - The history of the Budget reform gives the Parliament the momentum for an active role on the performance process: evaluations, missions, reports
  - Importance of the performance information for the appropriation process (new cycle).
  - Its new powers of appropriation combined with the new power deriving from the higher accountability of public fund managers – as a counterpart of their higher managerial autonomy.

Performance indicator taxonomy

The 3 types of indicators:

Standpoint	Goal	Sample of goals	Sample of indicators
1 - Citizen	Socio-economic ***effectiveness***	Improve the employability of young graduates	% of graduates with a job six months after graduating
2 - User	***Quality*** of services provided	Speed up judicial decisions	Average decision lead time; average hearing time
3 - Taxpayer	Management ***efficiency***	Reduce the tax management cost	Tax cost per taxpayer