Cour des comptes

2022 State Budget

Financial and compliance audit

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FULL REPORT (FR) SUMMARY (FR) SUMMARY (EN)

What we assessed and why

The report on the results and management of the 2022 State Budget analyses changes in spending, income and the deficit arising from this tax year. It reports on the quality of budgetary planning and indicates any gaps between forecasts and reality. Finally, it proposes various points of focus on specific aspects of budgetary management like the "green budget" this year, or the relationship between the State Budget and other public administrations. Some chapters relate to the situation immediately following the COVID-19 pandemic.

What we found

- We identified infringements of the principle of annuality. Furthermore, questions arose about compliance with the principle of specificity. The trend observed in 2020 and 2021, namely to create overall budgetary envelopes to be mobilised at any time, continued in 2022 despite the sharp fall in expenditure related to the COVID-19 pandemic and the recovery plan. This trend is even becoming more pronounced, as these envelopes are no longer identified in the context of specific budgetary missions (the emergency plan in response to the health crisis was abolished in 2023 and the recovery plan has no requirement for commitment authorisations since 2023).
- As in 2020 and 2021, several questions about compliance with the principle of budgetary specification remain. In fact, the massive redeployments facilitated by these carry-overs, the overall envelopes and the above-mentioned decree in advance ultimately benefit public policies other than those which justified their initial authorisation.
- The debt burden is set to increase significantly due to the increase in interest rates and the fact that part of the 2022 inflation was taken into account under the expenditure for 2023. The remaining due amounts,i.e. commitments made by the government and not settled at fiscal year-end, are an indicator of medium-term financial sustainability. After having already considerably increased in 2021 (+ €51.8 billion), outstanding payments increased significantly once again (+ €36.4 billion), reaching €214.9 billion by the end of 2022, excluding appropriations relating to amortising COVID-19 debt.

- We determined that there has been a development of financial relations between the State, local and regional authorities, social security funds and the European Union. The crisis linked to the 2020 COVID-19 pandemic, emergency expenditure for health and recovery in 2020 and 2021, and the inflationary shock in 2022 all had an impact. The relations between the State and local and regional authorities are based on numerous, complex and changing channels, some of which contribute in parallel to the implementation of the same purpose. The increasing importance of VAT in the revenue of local and regional authorities provides them with a dynamic revenue, where the growth of which does not facilitate better control of expenditure.

What we concluded

We recommended the following:

- In the context of inflationary recovery, rapidly update the conditions and limits for issuing index-linked securities.
- In accordance with the principle of annuality, only open those appropriations required for the current financial year in initial and amending finance laws.
- In accordance with the principle of annuality, strictly limit any carryovers of appropriations to the following financial year.
- Clear commitment authorisations assigned to investment operations that have become devoid of purpose.
- Provide a justification for each of the main taxes with new estimates of tax revenue and the origin of any deviations from the forecasts in the original budget law when drafting amending finance laws.
- In the draft annual performance report for the pension appropriations account, specify the assumptions underlying the three-year forecast of changes in expenditure, revenue and the balance of the pension-specific appropriations account (“CAS”), and provide a longer-term trend trajectory.