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**Public**  
**Greco RC-II (2006) 12E**  
**Addendum**

## **Second Evaluation Round**

### **Addendum to the Compliance Report on France**

Adopted by GRECO  
at its 42<sup>nd</sup> Plenary Meeting  
(Strasbourg, 11-15 May 2009)

## I. INTRODUCTION

1. GRECO adopted the Second Round Evaluation Report on France at its 21<sup>st</sup> Plenary meeting (2 December 2004). This report (Greco Eval II Rep (2004) 5E), containing six recommendations addressed to France, was made public by GRECO following the authorisation of the French authorities, on 18 January 2005.
2. France submitted the Situation Report required by the GRECO compliance procedure on 14 November 2006 along with additional information on 14 March 2007. In the light of the information provided and following a plenary debate, GRECO adopted the Second Round Compliance Report (RC-Report) on France at its 32<sup>nd</sup> plenary meeting (23 March 2007), and this report was made public on 7 July 2007. The Compliance Report (Greco RC-II (2006) 12E) concluded that recommendations i and iii had been implemented satisfactorily and that recommendation v had been dealt with in a satisfactory manner. Recommendations iv and vi had been partly implemented and recommendation ii had not been implemented; GRECO requested additional information on implementation of these recommendations. This information was submitted on 13 November 2008 and on 3 May 2009.
3. The purpose of this Addendum to the Second Round Compliance Report is, in accordance with Rule 31, paragraph 9.1 of GRECO's Rules of Procedure, to assess the implementation of recommendations ii, iv and vi, in the light of the additional information referred to in paragraph 2.

## II. ANALYSIS

### **Recommendation ii.**

4. *GRECO recommended to actively pursue the existing initiatives to establish guidelines on and typologies of operations that might involve corruption for persons and institutions with a duty to report suspect transactions.*
5. The French authorities state that the departments with countrywide and inter-ministerial responsibility – TRACFIN and the Central Corruption Prevention Department (SCPC) – had drafted a handbook for use by the relevant professionals to assist in the detection of possible corruption-related financial transactions. This handbook was published in early September 2008 and immediately distributed to the various bodies representing the professions having a duty to report suspicious transactions. The French authorities say that the organisations in question have already taken the necessary measures to ensure that the handbook is distributed as widely as possible among their members and that it greatly assists them in their work.
6. GRECO notes that, since September 2008, a handbook, of which it has received a copy, has been made available to assist in the detection of possible corruption-related financial transactions. This 28-page document (plus appendices) includes a presentation of international and national anti-corruption standards and a description (together with examples) of financial transactions often linked to this type of offence; it also highlights increased risk factors. This is a step in the right direction towards implementation of the recommendation. At the appropriate juncture, this document will certainly have to be updated and expanded with regard to the category of politically exposed persons<sup>1</sup>.

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<sup>1</sup> The handbook mentions very briefly this matter (which often raises application problems, as international experience has shown) and basically refers to Community texts transposing Recommendation 6 of the Financial Action Task Force (FATF).

7. GRECO concludes that recommendation ii has been implemented satisfactorily.

**Recommendation iv.**

8. *GRECO recommended that all public officials receive adequate training in ethical issues and the risks of corruption, if necessary, with the support of the central corruption prevention department (SCPC).*
9. The French authorities state that in view of the size of the public sector in France, it had been necessary to identify – in the relevant ministerial departments and the training centres attached to them – the training needs in the field of corruption risks. In the light of this analysis, specific modules had been introduced for training colleges and government departments, and training material had been produced, including training factsheets, notes on best practices and computerised self-training. No further specific information has been provided.
10. The authorities also state that in response to this recommendation, public service departments and specialist agencies had introduced a number of training and awareness-raising measures. The information provided relates to a) the work done by the Central Corruption Prevention Department (SCPC) on various topics<sup>2</sup> within certain state-run companies (electricity, railways), the police, the Gendarmerie, the Armed Forces Directorate, the National School of Administration, university students (preparing for careers in the civil service or finance), auditors and private sector companies; b) training in professional ethics and the fight against corruption given to new recruits to the Directorate General of Customs and Indirect Taxes (DGDDI) and inclusion of anti-corruption aspects in the in-service training for serving staff who change grade; a handbook on professional ethics with practical factsheets and a refresher programme with new training in ethics are currently being prepared in the DGDDI; c) initiatives have been taken for judges and prosecutors: in-service training has now become mandatory (5 days per year, as a minimum), the National School for the Judiciary makes a course on “the statute, ethical rules and responsibility of judges and prosecutors” available to those who work in corruption-connected areas, and there are traineeship opportunities within the SCPC.
11. GRECO points out that recommendation iv had been partly implemented in that efforts to address the shortcomings noted in the Second Round Evaluation Report<sup>3</sup> had been judged insufficient in the Compliance Report and GRECO had made a number of practical suggestions to assist the French authorities<sup>4</sup>. On the basis of the additional information provided by France, it is not

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<sup>2</sup> These include raising awareness of corruption prevention in public companies (Electricity, railways) and in the private sector, training in combating economic and financial crime, fraud in public procurement, prevention of corruption in trade relations with foreign countries, prevention of fraud/money laundering/corruption for future employees in the finance sector. These measures by the SCPC have received a positive response in France and in the course of 2007, over 3,000 people were introduced to one of the three corruption-related aspects: awareness-raising, prevention training and detection training. Ultimately, according to plans being studied by the SCPC, the focus on integrity could be extended to all pupils in state-run schools as part of the Education Ministry's curriculum in civics and citizenship education.

<sup>3</sup> Paragraph 58 of the Evaluation Report “(...) certain areas and staff, including non-established staff, have still not been introduced to the risks involved. Nor have the longest-serving staff always had their original training updated. Finally, the training not provided under SCPC auspices does not always lay sufficient emphasis on threats to ethical standards and the risks of corruption.”

<sup>4</sup> Paragraph 24 of the Compliance Report: “the efforts accomplished go in the right direction and should be pursued, with emphasis more specifically on questions of corruption in the framework of training provided to already serving staff (in-service training) and to officials who are not civil servants. This is an important issue given the size of the public sector in France. GRECO encourages the French authorities to identify, together with the SCPC where relevant, the training needs regarding risks of corruption, and to prepare training material such as pedagogical notes, best practices, computerised self-training etc.”

possible to conclude that there have been any significant new advances; very little of the information relates to the topics or the target groups specified in the recommendation, or when it does, generally they are those already cited in the evaluation or compliance reports (customs, police, gendarmerie, National School of Administration etc.) as already the beneficiaries of particular measures. Ethical issues are rarely mentioned. Once again, the relevant new developments relate above all to customs officials (but continue to be geared primarily to new staff with too little emphasis on existing staff) and for the time being they are just in the planning stage. New initiatives are reported as regards judges and prosecutors but GRECO would have appreciated receiving more accurate information showing to what extent the majority of judges and prosecutors – those who do not work corruption-connected areas or do not accomplish a traineeship with the SCPC – are effectively trained in ethical issues and risks of corruption. Lastly, no information has been provided on the implementation of major ethical and deontological training projects – mentioned in the compliance report – for local government staff, beginning with the training of instructors.

12. GRECO concludes that recommendation iv remains partly implemented.

**Recommendation vi.**

13. *GRECO recommended to support current initiatives regarding the detection of corruption and, subject to data protection requirements, to draw up a unified file of breaches of good conduct or ethics and disciplinary offences by auditors.*
14. GRECO reiterates that recommendation vi had been partly implemented in that steps had been taken with regard to the first part of the recommendation (Code of conduct for the audit profession adopted in November 2005 and the plan to officially recognise a standard on the requirement for auditors to take into account risks of fraud within the audited entity - the homologation of this standard under the reference A.823-15 took place eventually on 10 April 2007 - but that finalisation of a project was still pending with regard to the second part (creation of a centralised register by the supervisory authority for the audit profession (HCCC), comprising a list of sanctions imposed on auditors, in application of a decree of 27 May 2005).
15. The French authorities state that the computer infrastructure required for the database to be continually updated was in the final stages of completion and that the system should be operational in its definitive form in September 2009. The National Audit Association (CNCC) would be inputting the following information from 1<sup>st</sup> instance disciplinary proceedings: name of auditor, instigator of the proceedings, nature of the dispute, date of decision and nature of the sanction. It was anticipated that with effect from September 2009, the database would be updated annually for proceedings initiated and quarterly for decisions issued. The French authorities stress that even though the computerisation is still not complete, the centralised register for the audit profession is already operational in “paper form” and the information is updated regularly.
16. GRECO notes that the centralised register of disciplinary sanctions imposed on auditors is still not computerised but would, however, be operational in “paper form” and kept up to date. GRECO thus concludes that there has been progress as regards the second part of the recommendation and it encourages the institutions concerned to carry on with the project of a computerised register and to this end, to overcome the technical difficulties that have hindered this so far.

17. GRECO concludes that recommendation vi has been dealt with in a satisfactory manner.

**III. CONCLUSION**

18. In view of the above, GRECO concludes that recommendation ii has now been satisfactorily implemented and recommendation vi has been dealt with in a satisfactory manner. However, recommendation iv remains partly implemented.

19. With the adoption of this Addendum to the Second Round Compliance Report, GRECO concludes that out of the 6 recommendations addressed to France, in total 5 recommendations have now been implemented satisfactorily or dealt with in a satisfactory manner. GRECO awaits further progress in the near future regarding the introduction of appropriate training in professional ethics and corruption risks for all public servants (including those already in post, and covering both central government and local/regional government staff).

20. The adoption of the present Addendum to the Compliance Report terminates the Second Evaluation Round compliance procedure in respect of France. The French authorities may, however, wish to inform GRECO of further developments with regard to the implementation of recommendation iv.