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PREVENTION AND DETECTION OF CORRUPTION IN LOCAL GOVERNMENTS AND PUBLIC ENTITIES



Summary of the survey findings
-April 2022-

This document is a summary of the national statistical survey on the prevention and detection of corruption in local governments and public entities carried out by the French Anti-Corruption Agency (AFA) in 2021. The full version is available (in French) [here](#).

Local governments and public entities

The local governments and other public entities included in this survey were as follows: 34,965 municipalities, 95 *départements*, 1,253 government-funded intercommunal cooperation institutions with tax-levying powers (EPCIs), 9,065 intercommunal syndicates, 95 management centres, 237 public housing boards and around 1,300 local publicly owned companies.

Administrative divisions of France

France comprises 18 regions: 12 in mainland France and a further six overseas. Each region is divided into *départements* (95 in total), and each of these is further divided into municipalities (34,965 in total). In order to foster cooperation between municipalities (many municipalities of which are quite small), there are also 10,318 government-funded intercommunal cooperation institutions (EPCIs) and intercommunal syndicates. Public housing boards, while closely connected to *départements*, are independent public bodies (there are 237 of these in total). The 90 management centres (one per *département*) manage the employees of small municipalities. Public bodies can create local publicly owned companies (there are around 1,300 of these in total).

Survey response rate

The AFA received around 1,330 answers in total, including 707 partial answers, equating to a response rate of 2.8% (out of 47,029 local governments and public entities). For the purpose of this survey, municipalities were divided into three groups: M1 (more than 10,000 inhabitants), M2 (between 3,500 and 10,000 inhabitants) and M3 (fewer than 3,500 inhabitants).

Some 1.2% of the 34,965 municipalities responded to the survey. The response rates for other types of entities were as follows: 31.6% of *départements*, 0.5% of EPCIs, 2.1% of local publicly owned companies, 35.9% of public housing boards and 22.1% of management centres.

The anonymous survey was carried out between May and September 2021.

Headline Figures

%	All	Mun.	M1	M2	M3	Dpt	InterM	Lpc	Shb	Cem
Has Had Corruption Cases	14.4	11.9	40.7	10.9	9.6	43.3	10.9	7.4	18.8	23.8
- o/w Disciplinary Action Taken	43.3	22.9	45.5	-	19.4	76.9	66.7	-	62.5	80.0
- o/w Disciplinary Sanctions Applied	89.7	81.8	60.0	-	100	90.0	75.0	-	90.0	100
- o/w Prosecuted	35.6	31.3	36.4	33.3	29.0	61.5	66.7	50.0	18.8	20.0
Has Anticorruption Policies	26.0	9.6	22.2	18.2	7.1	80.0	25.5	51.9	78.8	19.0
- o/w a Comprehensive Plan	14.3	6.9	7.4	3.6	2.2	16.7	14.5	33.3	63.5	9.5
- o/w Measures	11.7	6.9	14.8	14.5	5.0	63.3	10.9	18.5	15.3	9.5
Has Mapped Corruption Risks	10.3	1.7	7.4	-	1.5	26.7	10.9	18.5	44.7	-
- o/w Risks for Local Elected Persons	84.4	85.7	100	-	80.0	62.5	100	80.0	86.8	-
Has an Anticorruption Code of Conduct	24.7	13.6	22.2	25.5	10.8	43.3	20.0	40.7	70.6	19.0
Has a Gift and Hospitality Policy	26.6	15.8	25.9	14.5	15.2	56.7	27.0	40.7	65.9	9.5
- o/w within the Code of conduct	15.6	3.5	14.8	3.6	2.5	40.0	14.5	33.3	61.2	4.8
- o/w Elsewhere	11.1	12.3	11.1	10.9	12.7	16.7	12.7	7.4	4.7	4.8
Has a Compliance Officer (*)										
- Who is Known to Employees	22.6	15.5	36.4	16.4	14.6	-	25.0	25.0	39.1	95.2
- Was appointed by the Public Entity	74.7	58.8	62.5	-	-	93.3	58.3	76.0	76.2	-
Public/Private Mobility										
Has Raised Awareness of Risks	14.1	8.4	14.8	12.7	7.1	30.0	16.4	29.6	25.9	28.6
Has Procedures in Place	16.9	7.2	33.3	14.5	3.7	70.0	32.7	14.8	22.4	66.7
Anticorruption Awareness-Raising and Training										
Awareness Raising for Employees	11.9	3.5	11.1	5.5	2.5	26.7	14.5	14.8	43.5	14.3
Awareness-Raising for Elected Persons	10.1	4.0	14.8	5.5	2.8	40.0	0.1	11.1	28.2	14.3
Training for Employees	4.8	0.7	-	1.8	0.6	26.7	7.3	3.7	14.1	9.5
Training for Elected Persons	4.7	2.7	3.7	10.9	1.2	26.7	3.6	3.7	8.2	-
Third-Party Due Diligence	12.4	5.4	14.8	7.3	4.3	26.7	16.4	25.9	32.9	14.3
- o/w All Third Parties	23.4	31.8	50.0	25.0	28.6	-	33.3	14.3	21.4	33.3
- o/w High Risk Third Parties	23.4	4.5	-	-	7.1	25.0	33.3	57.1	28.6	-
Has a Whistleblowing System	19.3	3.0	22.2	5.5	0.9	70.0	23.6	18.5	72.9	33.3
- o/w Accessible to Outside Parties	59.2	66.7	66.7	66.7	66.7	42.9	61.5	60.0	59.7	85.7
Has Control Procedures										
First Line of Defence	37.4	28.1	40.7	41.8	24.8	66.7	43.6	48.1	60.0	52.4
Second line of Defence	10.0	2.5	11.1	1.8	1.9	36.7	3.6	7.4	40.0	14.3
Audit / Inspection	6.6	1.5	11.1	3.6	0.3	36.7	3.6	18.5	20.0	-
- o/w Cover Corruption Risks	79.0	78.2	76.9	61.5	83.5	85.7	76.0	88.9	74.2	90.9

(*) This question differed according to the number of employees: entities with fewer than 350 employees were asked whether they were aware of the compliance officer at the management centre, while those with 350 or more employees were asked whether they had appointed an in-house compliance officer.

Note: For the purpose of this survey, municipalities were divided into three groups: M1 (more than 10,000 inhabitants), M2 (between 3,500 and 10,000 inhabitants) and M3 (fewer than 3,500 inhabitants).



Key findings

This section summarises the key findings for each entity type and compares trends in the data between 2018 and 2021.

Municipalities: Some 9.6% of municipalities reported that they had anti-corruption measures or programmes in place (up from 4.4% in 2018). However, more municipalities still had standalone measures (6.9%) than comprehensive programmes (2.7%). Risk mapping remained a marginal practice, with only 1.7% of municipalities carrying out this exercise (up from 0.5% in 2018). Uptake of anti-corruption codes of conduct was low (13.6%) but had increased since 2018 (3.9%), while only 15.8% of municipalities said they had addressed the issue of gifts and hospitality. The majority (62.5%) of municipalities had a compliance officer, compared with a rate of 19.9% in 2018. However, staff awareness was low (15.5%) among municipalities whose compliance officer was based at a management centre. Municipalities were still not doing enough on corruption awareness-raising and training, with fewer than 5% of respondents reporting that they had taken action on this front. Conversely, 41.2% of municipalities had provided awareness-raising on conflicts of interest. Third-party due diligence was an uncommon practice (5.4% of municipalities). Just 22.2% of municipalities had an internal whistleblowing system, and 28.1% reported having an internal control system in place.

EPCIs: In total, 25.5% EPCIs reported having anti-corruption measures or programmes in place in 2021 (up from 12.5% in 2018). The share of these entities conducting corruption risk mapping increased to 10.9% (versus 1.7% in 2018), while 20.0% reported having an anti-corruption code of conduct (up from 8.6% in 2018). Only 27.3% of EPCIs had addressed the issue of gifts and hospitality. Among those EPCIs required to appoint a compliance officer, 58.3% had done so. Where the compliance officer was based at a management centre, only 25.6% of employees were aware of this role. EPCIs have not done enough to raise awareness on anti-corruption matters, with just 14.5% providing awareness-raising for their employees and 9.1% for their elected representatives (versus 12.9% and 7.6% in 2018 respectively). Likewise, only 7.3% of employees and 3.6% of elected representatives had received dedicated anti-corruption training (up from 2.3% and 1.3% in 2018 respectively). Third-party due diligence was not a widespread practice (16.4% of municipalities). Some 23.6% of EPCIs reported having an internal whistleblowing system in 2021 (up from 5.6% in 2018). On the matter of internal control, 43.6% of EPCIs said they had “real and effective” line management oversight arrangements. At those entities with internal control measures in place, a larger share of these systems covered corruption-related matters in 2021 than was the case in 2018 (76.0% versus 56.8%). Only a handful of EPCIs (3.6%) applied second-line-of-defence checks and had an internal audit function.

Départements: In 2021, 80.0% of *départements* reported having anti-corruption measures or programmes in place (up from 39.6% in 2018). Risk mapping was a more common practice in 2021 (26.7%) than in 2018 (8.3%). The share of *départements* with an anti-corruption code of conduct doubled over the period, from 22.9% in 2018 to 43.3% in 2021, while most (56.7%) of these entities reported having a gifts and hospitality policy. The vast majority of *départements* (93.3%) had a compliance officer in 2021, up from 58.8% in 2018. Significant progress has been made on awareness-raising (26.7% for employees and 40.0% for elected representatives, versus 16.7% and 8.3% in 2018 respectively), while similar improvements were reported in terms of training (26.7% for both employees and elected representatives, versus 8.3% across both categories in 2018). The share of these entities conducting third-party due diligence remained largely unchanged over the period (26.7% in 2021, down slightly from 29.2% in 2018). Twice as many *départements* reported having an internal whistleblowing system in 2021 (70.0%, up from 35.4% in 2018). The majority had an internal control system in place (66.7%) and, in 85.7% of

cases, these systems covered corruption-related matters (up from 43.8% in 2018). Meanwhile, 36.7% of respondents in this category reported applying second-line-of-defence checks and having an internal audit function.

Local publicly owned companies: The percentage of local publicly owned companies reporting that they had anti-corruption measures or programmes in place (51.9%) increased relative to 2018: in 2021, 33.3% had a comprehensive system, while 18.5% had measures (up from 10% in 2018). Likewise, more of these entities reported conducting risk mapping (18.5% of respondents in 2021, versus 10.0% in 2018). Uptake of anti-corruption codes of conduct also increased from 10.0% in 2018 to 40.7% in 2021, while 40.7% of local publicly owned companies said they had implemented a gifts and hospitality policy. Only 33.3% of these entities said they had appointed a compliance officer, although this figure represents an increase relative to 2018 (10.0%). Awareness-raising and training remain marginal practices, with just 14.8% of respondents in this category providing awareness-raising for employees and 11.1% for senior management. In both cases, the figures fall to less than 4% for dedicated training. Too few local publicly owned companies reported conducting third-party due diligence: 25.9% did so in 2021, down from 40.0% in 2018. Conversely, more of these entities said they had implemented an internal whistleblowing system than in the previous survey (18.5% in 2021 versus 15.0% in 2018). Some 48.1% of local publicly owned companies reported having an internal control system. Only 7.4% said they had second-line-of-defence checks in place, but a higher percentage (18.5%) reporting having an internal audit function. In 88.9% of cases, these internal control systems covered corruption-related risks.

Public housing boards. The share of public housing boards reporting that they had anti-corruption measures or programmes in place jumped from 7.3% in 2018 to 78.8% in 2021. The use of standalone measures declined over the period (15.3% in 2021, down from 17.6% in 2018), while the share of these entities implementing comprehensive programmes increased from 39.7% in 2018 to 63.5% in 2021. More public housing boards said they conducted corruption risk mapping in 2021 than in 2018 (44.7% and 39.7% respectively). Uptake of anti-corruption codes of conduct also increased over the period, from 47.1% in 2018 to 70.6% in 2021, while 65.9% of entities in this category said they had implemented a gifts and hospitality policy. Among public housing boards whose compliance officer was based at a management centre, awareness of this role was low (39.1%). Conversely, 76.2% of entities in this category that were required to appoint an in-house compliance officer reported having done so. A larger share of public housing boards reported organising awareness-raising in 2021 than in 2018: 43.5% of respondents said they had taken this step (up from 41.2%), while 28.2% reported providing awareness-raising for senior management (up from 17.6%). In 14.1% of cases, entities in this category said they had provided training for employees (versus 8.8% in 2018), and 8.2% said that senior management had received training (versus zero positive responses to this question in 2018). Third-party due diligence is still conducted too infrequently, with only 32.9% of public housing boards reporting this practice in 2021 (down from 35.3% in 2018). Meanwhile, a higher percentage of these entities said they had implemented an internal whistleblowing system (72.9% in 2021 versus 39.7% in 2018). Internal control systems were widespread, but uptake of stricter and more comprehensive checks was lower: 60.0% of public housing boards had line management oversight arrangements in place, while only 40.0% applied second-line-of-defence checks. The share of entities in this category with a third line of defence (internal audit) was just 20.0%. A higher percentage of respondents said that their internal control system covered

various forms of corruption risk (74.2% in 2021, up from 73.5% in 2018).

Management centres. The percentage of management centres reporting that they had anti-corruption measures or programmes in place doubled over the period, from 9.4% in 2018 to 19.0% in 2021. Drilling down into the detail, 9.5% of respondents had comprehensive systems (up from 3.1% in 2018) and a further 9.5% had standalone measures (up from 6.3% in 2018). None of the management centres that responded to the survey said they conducted corruption risk mapping. Uptake of anti-corruption codes of conducts remained almost unchanged over the period (18.8% in 2018 and 19.0% in 2021). Only a small percentage (9.5%) of entities in this category had a gifts and hospitality policy. Conversely, the vast majority (95.2%) said they had appointed a compliance officer, which is one of the key functions provided by management centres (up from 84.4% in 2018). Only 14.3% of these entities reporting conducting third-party due diligence, representing a decline relative to the same metric in 2018 (31.3%). Likewise, the share of management centres with an internal whistleblowing system fell from 43.8% in 2018 to 33.3% in 2021. Internal control systems were widespread but varied according to the centre's size: 52.4% reported having line management oversight arrangements in place and, in 90.9% of cases, these systems covered corruption-related matters (versus 62.5% in 2018). However, only 14.3% of entities in this category said they applied second-line-of-defence checks, and none reported having an internal audit function.

Conclusions

While the survey paints a mixed picture, the findings point to a marked improvement in knowledge and understanding of the risks, and of the tools developed as part of France's anti-corruption framework to help local governments and public entities prevent and detect corruption risk.

The survey also highlights areas where room for improvement remains, especially when it comes to increasing the uptake of new tools and practices such as internal whistleblowing systems and third-party due diligence procedures.

The AFA will continue expanding its advisory and guidance activities in order to help local governments and public entities better manage risks and apply the resources at their disposal, including by developing practical tools and digital kits to raise awareness and spread knowledge of France's anti-corruption framework.

I. The findings point to positive signs on the adoption of anti-corruption measures and procedures

More entities are implementing anti-corruption measures and programmes, although the trend is uneven

The survey findings reveal a rise in the adoption of anti-corruption measures and programmes in all categories of local governments and public entities between 2018 and 2021, albeit with differences in the degree of progress across different groups. Smaller municipalities appear to be constrained by a threshold effect, while anti-corruption measures and programmes are more widespread among larger entities in this category, which are better resourced in terms of budgets, people and expertise and are more risk-aware. Similarly, some public housing boards and local

publicly owned companies that – by virtue of their nature and characteristics – are bound by the requirements of Article 17(II) of the Transparency, Anti-Corruption and Economic Modernisation Act 2016-1691 of 9 December 2016 are likely better prepared than others.

Fewer entities believe that not acting is an option

In the most recent survey, fewer respondents raised the point that implementing an anti-corruption programme (or its constituent measures) was not a legal requirement. At the same time, the responses showed that corruption risk was becoming a more pressing and tangible concern. In 2021, the percentage of respondents giving no explanation as to why their entity had not implemented any anti-corruption measures was lower than in 2018, as was the share of responses citing human-resource and budgetary constraints as reasons for not doing so. This trend can be attributed to two causes: an increase in the share of respondents reporting that they had implemented anti-corruption measures and programmes, and a higher percentage of responses mentioning plans to do so before the end of the legislative term. Moreover, some public housing boards and local publicly owned companies that meet the thresholds for application of Article 17(II) of the Transparency, Anti-Corruption and Economic Modernisation Act 2016-1691 of 9 December 2016 may have an additional incentive to implement these measures and programmes.

Based on these findings, the AFA should continue to consolidate and, where necessary, adapt its advisory activities in order to address the challenges highlighted above.

II. Deploying practical awareness-raising tools at a faster pace will help fill knowledge gaps and promote wider uptake of some measures and procedures

An incomplete understanding of corruption risks and offences can lead to inaction

In some entities, corruption offences are not fully understood, potentially leading to insufficient awareness of corruption risks. When these risks are not properly considered, when corrupt practices are not effectively identified and reported, and when the perpetrators are not appropriately disciplined, risk prevention and detection becomes more difficult. In these circumstances, a certain state of mind can take hold: entities may view corruption risk as something abstract that does not concern them, and may decide that there is no need to provide training and awareness-raising, to conduct risk mapping or to implement controls. In addition, some of the measures and procedures laid down in the Transparency, Anti-Corruption and Economic Modernisation Act 2016-1691 of 9 December 2016 are only mandatory for entities that meet certain threshold criteria. Consequently, many local governments are exempt from these requirements – a situation that can further entrench the view that corruption risk is not their concern.

Some measures and procedures are inherently difficult to implement

While more entities are implementing most of the standard measures laid down in the Transparency, Anti-Corruption and Economic Modernisation Act 2016-1691 of 9 December 2016, the survey revealed that deploying internal whistleblowing systems and third-party due diligence procedures is proving to be a real challenge. These relatively new measures are struggling to gain traction among local governments and public entities, and their uptake is further undermined by a lack of established case law and binding standards, coupled with a shortage of best practice for

benchmarking. The fact that these arrangements are difficult to pool with other entities poses another obstacle. Moreover, local governments and public entities considering implementing these measures already have to navigate a sometimes confusing or even contradictory array of other legal and regulatory obligations, from privacy, business secrecy and data protection laws, to public procurement rules and other types of whistleblowing systems.

- At the time of the survey, whistleblower protection laws were changing with the enactment of transposing legislation for Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.
- Implementing third-party due diligence procedures can appear to require disproportionate effort, given the sheer number of third parties that many public sector entities deal with – especially local governments with a large service user base. It is important to remember that the nature and depth of these due diligence checks – and the information entities need to collect – differ according to the third party’s risk profile (third parties are organised into groups with comparable risk profiles as determined by the organisation’s risk map). As such, entities may decide not to carry out due-diligence checks – or undertake simplified due diligence – for groups of third parties that are considered to be low-risk or risk-free, such as public service users.

Moreover, when analysing and drawing conclusions from third-party due diligence checks, entities may sometimes face apparent conflicts of norms. For instance, under the French Public Procurement Code, a potential supplier that is accepted with “reservations” following due diligence checks cannot be disqualified from a contract award procedure. This rule would appear to negate some of the obvious benefits of third-party due diligence procedures, especially given that – according to the survey respondents themselves – public procurement is viewed as one of the sectors most prone to corruption risk. While this may be true, it is important to remember that the results of third-party due diligence checks will help inform the way in which the public entity conducts the future relationship with the winning bidder. For instance, the entity could introduce enhanced oversight measures throughout the performance of the contract, write stricter terms and clauses into the contract itself, have its internal control function monitor the contract, make sure officials dealing with the supplier are aware of the potential issues, or be more vigilant when it comes to checking that the agreed products or services have actually been delivered. But entities cannot identify and implement such measures without first undertaking third-party due diligence following the method laid out in the *French Anti-Corruption Agency Guidelines*.

Measures imposed by other laws and regulations are gaining traction, but there is still room for progress

The Transparency, Anti-Corruption and Economic Modernisation Act 2016-1691 of 9 December 2016 is not the only piece of legislation setting out measures to prevent and detect corruption. In fact, local governments and public entities are bound by various pre-existing laws and regulations covering public administration, public officials and elected representatives. Entities may find it helpful to incorporate these measures and procedures, which are designed to uphold standards in the specific area to which they apply, into an anti-corruption programme, as way to support external communication and to prevent and detect corrupt practices. One example in this regard is the requirement incumbent on certain officials to file a declaration of interests and assets. Another is the right enjoyed by all public officials to consult a compliance officer. This right is a

prime example of the type of measure that could slot seamlessly into an anti-corruption programme: acting as a source of advice on ethics-related matters, the compliance officer is there to help local civil servants understand what constitutes a conflict of interest, to make sense of aspects of criminal law, and to provide guidance on how to conduct themselves appropriately and deal with high-risk situations.

Stepping up awareness-raising and training

Since 2017, the AFA's advisory activities have largely focused on spreading knowledge of France's anti-corruption framework (consisting of the Transparency, Anti-Corruption and Economic Modernisation Act 2016-1691 of 9 December 2016, its implementing legislation, the *French Anti-Corruption Agency Guidelines* and other guides published on the AFA website).

- Since 2017, the AFA has delivered approximately 140 awareness-raising and training sessions and activities for public-sector organisations (including a large number of local governments and public entities).
- The AFA has organised several one-day sessions on current events for local authorities throughout the country, in collaboration with the National Centre for Local Civil Service (CNFPT). The free, massive open online course (MOOC) entitled "Bribery, favouritism and misappropriation and how to prevent them in local government", which is hosted on the FUN-MOOC platform, has run 10 times since 2018, providing over 26,000 learners with useful knowledge and insights on preventing and detecting corruption in local governments and public entities.
- Around 7,000 people have voluntarily taken the accompanying online quiz on corrupt practices. Both the MOOC and the quiz will need to be updated in 2022–2023.

The AFA has also produced "En quête d'intégrité", a serious game designed to raise awareness about corrupt practices, high-risk situations and risk prevention practices among public officials. The educational and instructive game is divided into seven chapters, each of which can be played separately. It takes around one hour to complete and is available on the AFA website.

Expanding support provision

The AFA provides expert guidance and support to local authorities looking to design, implement or update an anti-corruption programme or specific anti-corruption measures.

Making anti-corruption programme concepts, frameworks, guides and recommendations clearer and more accessible

Following the 2018 survey on the prevention of corruption in local governments and public entities, the AFA pledged to better address the specific needs of different types of entities, and of municipalities in particular. The new *French Anti-Corruption Agency Guidelines* were published in 2021, updating the 2017 version with clearer signposting to help public-sector entities design and implement an anti-corruption programme that is proportionate to their risk profile and consistent with their capabilities.

Some of the weaknesses mentioned in the earlier survey were raised again this time around. On

these aspects, further work is needed in order to better explain the underlying concepts and to develop practical tools to help entities introduce the key measures contained in an anti-corruption programme. The AFA is determined to make it easier for entities with limited human resources and expertise to implement these measures, including by updating existing online training resources and developing new materials as part of ongoing efforts to consolidate its advisory services.