



Summary
of the Audit on the System for the Control of
Occupational Health and Safety (1111)

Objective and scope of the audit

The requirements of physical security, health care, as well as those of financial and labour law security of workers are stipulated by legal provisions. In practice, these requirements are not met in several cases, the negligence thereof has serious consequences both on the employee and the employer as well as on the society. Therefore, it is indispensable that the State controls the compliance with the regulations on employment and imposes sanctions in case of non-compliance.

The management and audit of occupational safety, as well as the tasks connected to labour inspection have been carried out by the Hungarian Labour Inspectorate (HLI) for nearly 25 years. HLI is supervised by the minister responsible for employment policy. Thus, until 28 May 2010, it was managed by the Minister of Social Affairs and Labour, and thereafter by the Minister for National Economy. HLI was managed by five ministers in the audited period between 2007 and 2010.

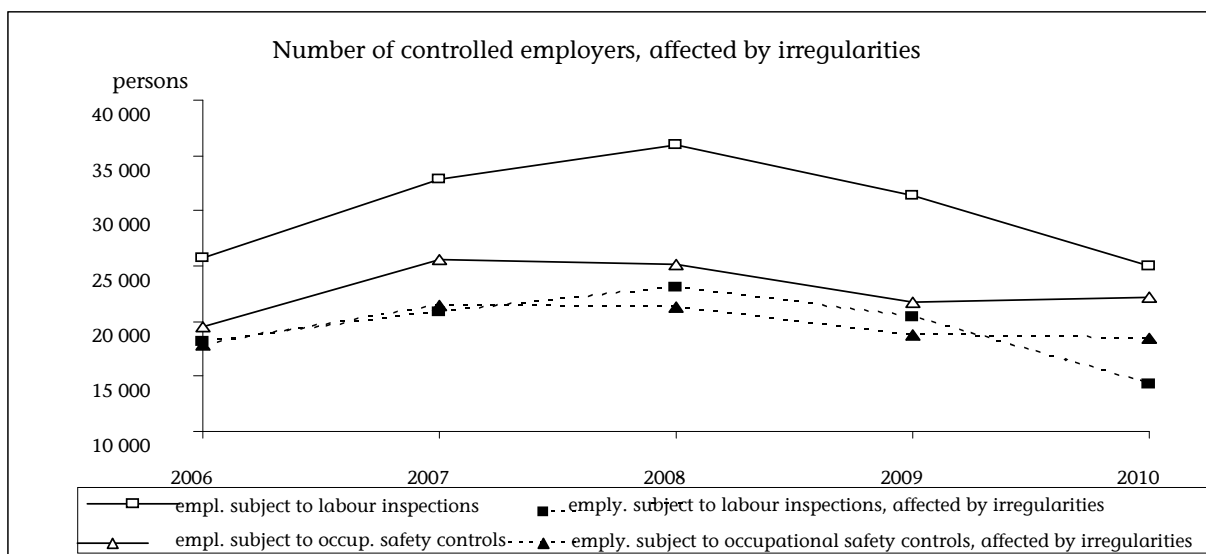
The authorised staff number of HLI was fixed at 762 persons in 2006, while at 1055 persons in 2010. The annual expenditure of HLI amounted to HUF 5.1 billion in 2006, while it was 51% higher in 2009, i.e. HUF 7.7 billion. The increase of the staff number and the budget were caused by the measures taken to combat black economy, as well as the extension of control tasks (taking over control tasks of occupational health).

The audit objective was to evaluate, whether the Minister ensured the professional management and regulatory conditions of control; whether the control activity of HLI contributed effectively to the improvement of controls and the state management of undeclared employment; whether the regulatory environment of controls, the internal control system thereof and the change in the conditions regarding the staff number facilitated the improvement of the efficiency of occupational safety controls and labour inspections; whether the restraining effect of controls was strengthened by the consistency and standardisation of sanctioning infringements of law, by the evaluation and utilisation of the experience, as well as by the information of the public.

Main findings

At the examination of the indicators describing official controls, the report pointed out that despite the increase of the number of inspectors, the exposure of economic entities to controls and the presence of inspectors did not increase. The reduction of the performance of controls was critical especially in case of labour inspections having a particular role in combating the black economy. By giving priority to the fight against undeclared employment, the number of the cases revealed dropped from the extremely high number in 2007 (72,743 persons) by 59%, to nearly 30 thousand by 2010. The decrease in the number of occupational safety controls – following the inclusion of occupational health tasks resulting from the extension of tasks in 2007 as well as after filling up the posts – stopped in 2010.

The continuous decrease in performances can be attributed also to the fact that the performance to be expected continuously from one inspector was not determined with substantiated calculations.



The organisation experienced the investigation proceedings against the senior management of HLI as an emergency situation. The frequent replacement of the president and the temporary occupation of the post, as well as the organisational changes caused uncertainty and a crisis of confidence.

The modifications of the conditions excluding from state subsidy resulted in the softening of the regulation. The rules, which were sometimes not properly considered or incomplete, hindered the work of HLI, thus they restricted the restraining effects of controls.

In the course of the preparation of the controls, the experience of former controls was utilised for indicating the priorities of controls, as well as the situations, sectors and activities endangering employees, which helped to reveal infringements of law.

However, the chances of employers of being inspected varied widely in different regions of the country and in each sector. Due to the uneven division of inspector staff between the regions, an employer's chance of a labour inspection was two and a half times higher in Northern Hungary, than in Central Hungary, while it was three times higher in the case of occupational safety controls. 90% of inspections were carried out in 4-5 sectors, thus half of the economic entities scarcely had to expect a control. Therefore, HLI did not have sufficient information on the risk of infringements committed by these entities.

In particular, in the absence of a control strategy and a selection system managing control risks (including corruption risks as well) and utilising external and internal information in a systemic way, in the case of 85-90% of inspections, the object and spot thereof were selected by the inspector, which considerably increased the corruption risk.

The shortcomings experienced at HLI can be attributed also to the fact that the minister responsible for employment policy did not provide for the professional management of HLI in a consistent way, and he did not arrange for the designation of the framework of HLI's activity.

The report pointed out that the information available for HLI (e.g. the Single Hungarian Labour Database) on the basis of the economic entities' reports and the legal regulation were utilised only partly in the course of the audit planning and risk identification, which can be attributed to the fact that national databases were not available and the utilisation of data was cumbersome. The data and information were not utilised, analysed and evaluated in a systemic way.

When imposing sanctions, HLI strove to develop a uniform practice, thus those committing similar infringements could expect similar sanctions.

However, the follow-up practice of HLI did not encourage the enforcement of a law-abiding conduct of employers. Within labour inspections, HLI concentrated only on the follow-up of employers concerned by undeclared work. In the area of occupational safety, 10-20% of the employers affected by irregularities were subject to a follow-up inspection.

Recommendations

The State Audit Office of Hungary (SAO) recommended the Minister for National Economy in his responsibility for employment policy to determine in an accountable manner and publish annually the directives of labour inspection in compliance with the provisions of the Act on Labour Inspection, taking into account also the current employment trends, objectives and legislative changes.

Moreover, the SAO recommended the Minister for National Economy to review the data and information available on the basis of legal regulations in terms of their possible use and ensure the utilisation of the data of the records supporting the work of HLI.

In its report, the SAO formulated a recommendation for the President of HLI to determine – on the basis of the analysis of specific performance indicators of inspectors – the control performance expected from the inspectors as a basic requirement, which serves as a basis for the establishment of the annual professional requirements of HLI.

The SAO recommended the Head of HLI to provide for the elaboration of the medium-term strategy of official control and establish the selection system utilising the available information on the economic environment and on former controls and managing control risks (including corruption risks as well), on the basis of the control strategy.