



SUMMARY
**of the Audit of the Institutions of Agricultural
Secondary Vocational Training and Consultancy (12104)**

Objectives and scope of the audit

Institutions of secondary agricultural vocational training operate depending on proprietors and next to varying conditions. Most schools engaging in specialised agrarian vocational training are maintained by local governments, but a lesser part perform their activity as institutions of the Ministry of Agriculture and Rural Development (MARD¹/MRD), from several aspects in a privileged position.

In 2006, the Government decreed the revision of the network of agricultural vocational training institutions and the elaboration of proposals to facilitate more efficient operation. Based on this, as well as in order to utilise funds from vocational training contribution and EU tenders, the MARD reorganised the 18 agricultural vocational training schools maintained by it to form three Regional Integrated Vocational Training Centres (RIVTC) in 2008.

In the period 2008-2011 subject to the audit, RIVTCs maintained by the Ministry, as well as the Rural Development, Training and Advisory Institute (RDTAI) operating as the ministry's background institution received budget support of HUF 18.8 billion in total.

In the course of the audit, the contribution of RIVTCs' operating conditions to the effectiveness of task performance was evaluated, along with the task performance of agricultural vocational training centres and RDTAI. We provided an opinion on the reliability of the institutions' financial statements of 2011 in connection with auditing the execution of the 2011 budget.

Main findings

The operating conditions of agricultural vocational training schools maintained by MRD did not contribute to the effectiveness of task performance. The integration of institutions was formal since the envisaged increase of efficiency

¹ the Ministry of Rural Development (MRD) as of May 2010

and rationalisation of resources was not achieved. The reorganisation did not involve financial savings affecting employment, nor were there any significant changes in the number of parallel training activities. Goals directed at the involvement of funds from tenders and the vocational training contribution were achieved.

The level of regulation at RIVTCs was not appropriate; they did not update their drafted regulations or did so only belatedly, and there were differences between the regulations of headquarters and member institutions. The fact that besides the headquarters, member institutions also had independent economic organisations during the audited period was not in compliance with effective regulations.

The amount of operational expenditures per student at schools maintained by MRD was HUF 1,005 thousand in 2011, which exceeded the average of institutions maintained by local governments, also engaging in agricultural vocational training by 71%. The magnitude of proprietor support also significantly exceeded that of the institutions maintained by local governments, which are fundamentally financed on a normative basis. Operational subsidy per student amounted to HUF 644.5 thousand, i.e. 31.3% higher than support for local government schools with a similar profile. The proprietor did not link subsidies granted to agricultural vocational training centres to task indicators.

Despite the fact that the Minister of Rural Development is responsible for vocational qualifications in this sector, the ministry did not have an agrarian vocational training strategy pertaining to the audited period, nor did it define professional goals and expectations for institutions. The effectiveness of performing professional tasks at the audited agrarian vocational training centres did not improve overall based on task indicators, training structure, and the utilisation of free capacities that were reviewed.

The results that RIVTCs' vocational secondary school classes achieved at competence measurements remained below the national average in every year of the audited period. The ratio of students obliged to repeat the year out of the initial headcount of senior year students was 2.4% in school year 2008/2009, which in school year 2010/2011 increased to 4.2%. The reduction of the dropout rate of students from 15.3% to 12.1% suggests a slight improvement in professional task performance, along with the increase in the proportion of graduated students in relation to initial class headcount.

No national level standard career tracking system has been developed for agricultural vocational training. Information extracted from institutions' own career tracking systems was not definitive in developing the training structure

due to the low number of data providers, as well as the lack of comprehensive data processing.

According to data supply from the institutions, the expenses related to the activities of training workshops serving the purpose of hands-on training exceeded revenues at all three agrarian vocational training centres during the audited period. Records stipulated according to the order of specialised public finance tasks, however, did not allow for the exact reporting of financial revenue and expenses from training workshop activity. Some of the products that were produced at training workshops were sold, at sale prices typically lower than nationwide average purchase prices. No reliable information was available about the result of selling the various products for the lack of a complete report of expenses that arose in the interest of generating sales revenue.

A significant part of RDTAI tasks (curriculum development, creation of an exam question bank, and organising extension training) were performed using tender funding, therefore the volume thereof was influenced by the amount of funds awarded in the given period.

The State Audit Office of Hungary (SAO) gave an adverse opinion about the year 2011 institutional financial statements of RIVTCs, as payments were made without authorisation at the member institutions of the agrarian vocational training centres. Disregarding legal requirements, the RIVTCs' general directors failed to give written authorisations to individuals appointed to make commitments and exercise remittance rights at the member institutions. The SAO issued a qualified opinion on RDTAI's year 2011 financial statement due to the exceeding of various highlighted expenditure appropriations, as well as the incorrect statement of residual amount charged with commitments and the composition of balance sheet funds.

Recommendations

We recommended the Minister of Rural Development to investigate whether support for institutions maintained by the ministry, differing from the national average is warranted; to link support for such institutions to task indicators, and to specify indicators suitable for measuring the performance thereof. Furthermore, we recommended them to map any parallel training that may exist at schools with different proprietors in the field of school enrolment they oversee in cooperation with the Ministry of Human Resources; to revise student headcount and training structure at institutions in their proprietorship and, on this basis, take measures for the sake of the efficient utilisation of public funds, as

well as to take actions to call into account the persons involved in payments without authorisation.

We recommended, among other things, the general directors of audited organisations to provide for the operation of their respective institutions in line with legal regulations, as well as to the separate and complete statement of training workshop revenue and expenses for the sake of the transparency of financial management. Furthermore, we recommended them to draft quantified action plans in the interest of exploring the options for training institutions to leverage revenue acquisition and reduce expenses, as well as to effectively utilise assets.