



ÁLLAMI
SZÁMVEVŐSZÉK

THE SAO'S AUDIT ON THE OFFICE OF THE COMMISSIONER FOR FUNDAMENTAL RIGHTS COMPLETED

Summary for the Press
of the Audit on the Operation, Financial Management and Task
Performance of the Office of the Commissioner for Fundamental Rights
(14222)

The audit the State Audit Office of Hungary (SAO) carried out on the Office of the Commissioner for Fundamental Rights (OCFR) detected a number of irregularities. The audited organisation infringed the Accounting Act and the Public Procurement Act. Internal controls forming part of the different financial management duties were operated inadequately, and the legal situation of the real estate used as seat of the Office was not settled until the completion of the SAO's audit. Based on the values of liquidity indicators, the Office's financial situation was robust. Its internal regulations on asset management activities and the records it kept on the assets complied with legislative requirements.

The SAO's audit covered the years 2011-2013 and assessed the public service delivery, financial and asset management activities of OCFR and its predecessor organisation, which was the Office of the Parliamentary Commissioner (OPR). The reorganisation (i.e. the replacement of OPR by OCFR) was also subject of the audit. With reorganising the institution supporting the ombudsman function, a single organisation (OCFR) replaced the former practice in which 4 ombudsmen were active. In the new system, where a single person (the Commissioner for Fundamental Rights) has overall responsibility, the public service delivery became more efficient, and the financial management more transparent and better regulated. However, the design of the Office's internal controls for public service delivery was lacking in the audited period.

In the audited period and in the context of using its budgeted funds, the Office failed to adequately operate in the years 2011 and 2013 the internal controls which are part of the financial management duties of the responsible individuals. Neither in the year 2012 did the operation of these internal controls completely comply with the stipulations of legislations and internal regulations. This fact meant a high risk for the regular operation of the audited field as a whole. A system failure was in place through the fact that the staff members in charge of certifying the performance/delivery of goods/services the Office purchased from external parties were not defined (apart from a few exceptions) in any of the years by those entitled to make financial commitments on behalf of the Office. It occurred that the Office failed to carry out a public procurement action despite that the estimated value of the purchased services was above the value threshold set for public procurements. By doing so, the Office infringed the Public Procurement Act.

The way the amount of 'residual funds burdened by financial commitments' was established and stated was not in compliance with statutory requirements and internal regulations in 2011 and 2012, and complete compliance was not reached in 2013, either. In this respect the Office infringed the Accounting Act and the legislations governing general government finances. Due to these shortcomings, the SAO's audit report on the 2013 central government financial statements includes an adverse opinion on OCFR's 2013 financial statements. Until the completion of the SAO's audit no settlement was reached between OCFR and the Hungarian

The State Audit Office of Hungary as the financial and economic audit organisation of the National Assembly, is one of the key basic institutions of the democratic state organisation. Its mission is to promote the transparency of public finances with its value creating audits performed on a solid professional basis, thus contributing to 'good governance'. With its recommendations, the SAO facilitates the regular, economical, efficient and effective utilisation and use of public funds.

State Holding Company in the course of their review of the respective asset management contract on the legal situation of the real estate serving as the seat of the Office.

In context of the reorganisation of the Office and compared to the previous year, the financial management integrity of the Office worsened in 2012 in the regard of its internal regulations. Financial management integrity has already improved in 2013, and was assessed as adequate. The design and operation of the internal controls covering the financial management processes only partly complied with the relevant legislative requirements in the audited years.

The SAO addressed 3 recommendations to the Commissioner for Fundamental Rights and 4 recommendations to the General Secretary of OCFR. The addressees are liable to prepare an actions plan in response to these recommendations.