



ÁLLAMI
SZÁMVEVŐSZÉK

AUDIT ON THE EXERCISE OF PROPRIETY RIGHTS OVER STATE ASSETS

Summary for the Press
of the Audit on Activities Related to the Exercise of Propriety Rights of State Assets
(14236)

Based on its statutory regulation, the State Audit Office of Hungary (SAO) annually audits the exercise of propriety rights over state assets. During its audit covering the year 2013 the SAO evaluated the establishment of the control environment concerning the exercise of propriety rights, the regularity of the measures in relation to asset handovers and compliance with the legal provisions and contracts in relation to leased properties at 3 ministries and 4 organisations.

The internal control environment of the exercise of propriety rights developed and operated by the Ministry of National Development and the Ministry of Agriculture was appropriate in 2013 and facilitated the regular operation of the ministries. The internal control environment of the exercise of propriety rights at the Ministry of Human Capacities was partially appropriate. Internal regulation concerning the state-owned assets under its trusteeship were lacking. Contrary to the relevant legal provision, the internal control environment necessary for the regular exercise of propriety rights in relation to the Social Insurance Funds' assets for service provision was not set up.

The Hungarian National Asset Management Inc. (hereinafter: HNAM) did not fully establish the internal control environment of the state-owned assets. The 2013 amendment of the Operational and Organisational Rules did not reflect the change in the act on state-owned assets, though they observed the amended act in practice. Measures concerning the free asset handovers did not fully comply with the corresponding regulations. The HNAM audited nearly one quarter of the contracts, thus it met the legal requirement for regular audits.

The development and operation of the internal control environment related to the exercise of propriety rights of the National Land Fund Managing Organisation (hereinafter: NLFMO) had improved since 2012, but was not fully appropriate in 2013 either. The NLFMO has established the organisational framework necessary for the exercise of propriety rights. Contrary to the Operational and Organisational Rules they did not prepare procedures for the asset handovers for management in trusteeship and sales of properties of the National Land Fund that omit public tenders, and neither for the tasks of property settlements implying plot restructuring and asset changes. The gross value and depreciation of tangible assets which had been handed over for management in trusteeship were not removed from the accounts of NLFMO contrary to the corresponding government decree and the cost values of the assets in the trusteeship contracts were not recorded in the books of NLFMO.

The internal control environment of the exercise of propriety rights of the National Institute for Quality and Organisational Development in Pharmacy and Healthcare (hereinafter: GYEMSZI) was partially appropriate. The head of GYEMSZI did not set up fully the control environment and risk management system. Internal operational regulations were issued and regulations were updated partially. The temporary order of the director general determining the operations was not in accordance with the Operational and Organisational Rules in force in relation to the operations of the budgetary institution. The GYEMSZI did not carry out a continuous

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bookkeeping concerning the state-owned assets under its trusteeship and did not keep a separate register of assets in 2013.

Development of the internal control environment related to the exercise of propriety rights of the Hungarian Development Bank Plc. (hereinafter: HDB) was appropriate in the audited period and they had prepared internal regulations in compliance with law. The monitoring system of the HDB was suitable for following up the operations of the organisational units managing the state-owned assets under HDB's trusteeship and the achievement of goals.