



ÁLLAMI
SZÁMVEVŐSZÉK

AUDIT OF THE FŐKEFE KÖZHASZNÚ NKFT.

Summary for the Press

on the audit of the asset preservation and financial management activities of state-owned (partly state-owned) economic organisations – FŐKEFE Közhasznú Nonprofit Kft. (16014)

The State Audit Office of Hungary has completed the audit of FŐKEFE Közhasznú Nonprofit Kft. (FŐKEFE Non-Profit Ltd. Operating in the Public Interest) (FŐKEFE NKft.) for the period of 2011–2014. The SAO found that the company's financial and asset management, control system and accounting records were in compliance with the requirements, and deficiencies were only disclosed by the auditors in connection with the publication and depositing of reports.

The State Audit Office of Hungary audits state-owned economic organisations via so-called thematic audits, the audit of FŐKEFE NKft. was conducted in the framework of this. The 100 percent state-owned company is a so-called other organisation not listed in the governmental sector. Between 2011–2014, it did not take over state property for asset management, it performed its tasks with assets owned by it. The main field of activity of FŐKEFE NKft. is the production of labour-intensive products (e.g. brush and broom products, handicraft products). The company regards the rehabilitation employment of disabled workers as a priority. The number of employees in 2014 was 3,992, of which 85.9 percent were disabled workers.

The total revenues of FŐKEFE NKft. in 2014 amounted to HUF 5,832.8 million. The company generated a loss in the period audited in 2014, amounting to HUF 604.3 million. In 2014, Hungarian National Asset Management Inc. (HNAM Inc.), exercising the founding rights, decided to make additional payments to settle the negative equity.

FŐKEFE NKft. has developed the terms of its asset management activities according to the regulations. In the course of its asset management, the company complied with the legal and owner expectations, and its decisions that led to the change of assets were in compliance with the legal requirements. It ensured the preservation of the value of the state-owned assets owned by it, and from 2012 onwards, to preserve the value of its own assets, it replenished amounts in excess of the recognised depreciation.

The company registered its own assets according to the regulations. The assets reported in its annual report and accounting records were backed by a regular inventory. The accounting of the revenues and expenditures of the public function exercised and the calculation of prime costs were compliant with the regulations. The information system was developed within the organisation of FŐKEFE NKft. and it functioned properly. The company complied with its reporting obligations, but the publication of the report and the report deposited did not comply with the rules. In 2011 and 2013, reports approved by other than the approval body were published, and the reports of 2012 and 2014 adopted by a supervisory board decision were not the same as the reports deposited and the report submitted for approval to the exerciser of proprietary rights. The company did not publish all statutory data on its website.

HNAM Inc. exercised its owner's rights in a proper manner, and developed the conditions for asset management and the criteria required for responsible financial management in accordance with the regulations.

The SAO made recommendations to the Chief Executive Officer of FŐKEFE NKft. and to the Chief Executive Officer of HNAM Inc., based on which an action plan must be prepared by them within 30 days.

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