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## THE SAO HAS CONCLUDED THE AUDIT OF THE MAGYAR NEMZETI BANK

Press summary of the audit on the regular operation of the Magyar Nemzeti Bank (17114)

**The State Audit Office of Hungary has completed the audit on the regular operation of the Magyar Nemzeti Bank (Hungarian Central Bank) (MNB) for 2015. The SAO found that the MNB's management, decision-making and auditing system all in all functioned in a well-regulated manner in 2015. The management of the central bank was regulated and orderly. Its monitoring, auditing and regulatory activities related to the financial intermediary system were all in all in compliance with the legal requirements, it observed the legal requirements when conducting its official resolution activities, the audit revealed a mistake in the resolution planning.**

Based on the relevant statutory provisions, the State Audit Office of Hungary regularly audits the financial management of the Magyar Nemzeti Bank (MNB) and its activities not included in the core tasks carried out on the basis of the provisions of the Act on the Hungarian Central Bank. In line with this, the SAO assessed the activities of the MNB not included in its core tasks and the appropriateness of its financial management in 2015, as well as the accounts related to the central budget on the basis of the statutory requirements applicable in 2015.

The audit covered the compliance of the MNB's auditing, controlling and regulatory activities of the financial intermediary system with the legal requirements, as well as the MNB's tasks as a resolution authority. Furthermore, the SAO also assessed whether the MNB has performed the tasks determined in the action plan prepared in line with the conclusions and recommendations requiring measures to be taken included in its report disclosed in 2016. The audit did not cover the establishing of foundations and the financial management thereof.

The SAO audit found that the MNB's management, decision-making and auditing system overall operated in a regulated and orderly manner. The Supervisory Board's operation complied with legal regulations and the rules of procedure. The internal auditing organisation operated in a regulated and orderly manner. The exercise of proprietary rights of the companies in the MNB's majority ownership complied with the legal requirements. The MNB provided the conditions for the operation of the Financial Arbitration Board in accordance with the legal requirements.

The financial management of the MNB and the settlements with the central budget were regulated and orderly. The planning of the operating costs, the preparation of purchases and settlements, investments plans, the making of decision and the implementation thereof, as well as the planning, payment and settlement of the subsidies provided by the MNB were regular.

The MNB's monitoring, auditing and regulatory activities related to the financial intermediary system were in overall compliance with the legal requirements. The MNB performed its regulatory activities related to the supervision of the financial intermediary system appropriately. The MNB operated the public electronic information system in accordance with the requirements. The MNB acted in an orderly manner in its authorisation activities related to the supervision of the financial intermediary system and in the consumer protection procedures that were initiated, supervisors were appointed in an orderly manner. The completion of market surveillance procedures was regular.

With regard to the official resolution activities of the MNB, the preparation and the ordering of the resolution of MKB Bank Plc., the resolution activities in 2015 complied with the legal requirements; however, the SAO revealed that the activities related to resolution planning were not orderly.

During the follow-up audit of the action plan prepared for the statements and recommendations of the audit report disclosed to the public in 2016, the SAO found that the MNB, by completing the task, contributed to the regular functioning of financial management.

In its report the SAO made one recommendation to the President of the MNB, in response to which an action plan must be prepared within 30 days.