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ÁLLAMI
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FOLLOW-UP AUDIT OF UNIVERSITIES: UNIVERSITY OF THEATRE AND FILM ARTS

Summary for the press – Follow-up audit of the audit reports on the regularity of the financial management and operation of public higher education institutions – University of Theatre and Film Arts (18045)

The State Audit Office of Hungary (SAO) has completed the follow-up audit of the University of Theatre and Film Arts. The chancellor of the university implemented a significant part of the tasks undertaken in the action plan only in part or not at all. The management system developed by the chancellor still did not promote the regular, transparent and accountable use of public funds. The Ministry of Human Capacities, acting as the proprietor, has not implemented one of its two tasks set out in its action plan.

In 2014 and 2015, the SAO carried out comprehensive audits at all 28 state-owned and two church-maintained higher education institutions. In the course of the audits, the SAO revealed grave financial management irregularities, and through its recommendations contributed to the renewal of the acts relevant to the operation of the sector, helped strengthen the requirements relevant to the financial and asset management of these institutions, and contributed to the transformation of financial management. The follow-up audits evaluate the implementation of the action plans drawn up on the basis of the SAO's findings, and at the same time they give feedback on the utilisation of the SAO's audit reports.

In March 2015, the SAO published its report on the audit of the regularity of the financial management and operation of the University of Theatre and Film Arts for the period 2009-2013. Accordingly, the aim of the recently completed follow-up audit was to assess whether the audited institutions implemented the tasks determined in the action plans that were based on the SAO's audit report. The follow-up audit covered the period between 19 March 2015 and 21 March 2017.

Implementation of the tasks set out in the action plan of the University of Theatre and Film Arts (no. of tasks)

Higher education institution	Number of tasks set out in action plan	Of these, according to findings of the follow-up audit:				
		Implemented		Partly implemented	Not implemented	Not timely
		By the deadline	past the deadline			
University of Theatre and Film Arts	38	4	9	9	14	2

A task is considered to be implemented by the deadline if it is implemented by the deadline and with the content set out in the action plan and if the implementation is documented. A task is considered to be implemented past the deadline if it is completed as stated in the action plan, but after the due date. A task is considered to be partly implemented if it is not fully implemented as stipulated in the action plan. The task is considered to be not-implemented if the implementation did not take place or it was not documented. A task is not timely if it was not (could not be) implemented during the audited period because the event underlying the measure did not occur, but in future it may actually occur, or its implementation was not due, or the implementation deadline has not yet expired.

Of the 38 tasks stipulated in the action plan, the chancellor of the university implemented 4 tasks by the deadline, nine tasks past the deadline, 9 tasks only in part. The chancellor has failed to implement 14 tasks. Furthermore, the implementation of two tasks was not timely. The management system developed by the chancellor still did not promote the regular, transparent and accountable use of public funds.

The chancellor did not ensure the preparation of all statutes and the update of existing statutes in accordance with the legal provision, therefore, did not establish the basic conditions of the operation of the university. The chancellor did not address issues not regulated in legal provisions, related to the operation of the university and having financial effects. The chancellor failed to assess and identify the risks inherent in the operation and financial management of the university, and also failed to determine the necessary measures in connection with the individual risks as well as the continuous monitoring of the implementation of those measures.

The chancellor did not ensure the proper exercise of financial management powers and did not take any measures related to the operation of controls ensuring regular payments. The chancellor did not ensure the establishment of an inventory for the support of the 2015 report. The chancellor failed to publish data to be published according to legal provisions on the website of the University. In exercising his or her employer's rights the chancellor did not launch a procedure for the examination of circumstances related to employment responsibility due to the discrepancies identified in the regularity of the exercise of financial management powers and the irregularities detected related to the amendments of appropriations.

Of the two tasks stipulated in its action plan, the Ministry of Human Capacities implemented one task by the deadline and did not implement one task. The internal audit department of the Ministry did not perform the audit of the lawfulness and efficiency of the financial management and operation of the University.

The SAO issues a warning letter to the Chancellor of the University to take action to eliminate the deficiencies uncovered in the interest of regular task performance.

The State Audit Office of Hungary, as the supreme financial and economic audit institution of the Hungarian National Assembly, is an independent fundamental institution of the democratic system of institutions. Its mission is to promote the transparency of public finances through value creating audits, performed on a solid professional basis, thus contributing to 'good governance'. Through its recommendations, the SAO promotes the regular, economical, efficient and effective use and utilisation of public funds.