



Further information, Public Relations:

Bálint Horváth, Head of Department, Senior Counsellor
State Audit Office of Hungary, Department of Communication and
Public Relations

Phone: +36 1 484 9145 Mobile: +36 20 238 6939

E-mail: sajto@asz.hu Web: www.asz.hu ; www.aszhirportal.hu



AUDIT OF SÁRVÍZ KISTÉRSÉGI JÁRÓBETEG SZAKELLÁTÓ ÉS EGÉSZSÉGÜGYI SZOLGÁLTATÓ KÖZHASZNÚ NONPROFIT KFT.

Summary for the press on the audit of the financial management of business associations in the majority ownership of local governments - Sárvíz Kistérségi Járóbeteg Szakellátó és Egészségügyi Szolgáltató Közhasznú Nonprofit Kft. (18118)

The State Audit Office of Hungary (SAO) has completed its audit of the financial management of Sárvíz Kistérségi Járóbeteg Szakellátó és Egészségügyi Szolgáltató Közhasznú Nonprofit Kft. for the 2013-2016 period. The SAO found that the Municipality of the town of Aba did not properly establish the framework for exercising ownership rights of the company in its majority ownership and did not properly exercise its ownership rights. The regulation of the company's financial management did not meet the legal requirements. Its financial management was not transparent and accountable, it did not provide for the preservation and protection of property. It did not comply with its statutory disclosure and reporting obligations, so the transparency of its operation was not ensured.

The main aim of the State Audit Office of Hungary is to contribute to the control of the use of public funds by organizations operating outside the public finances in a transparent and orderly way by revealing the financial risks inherent in the financial management of local governments, and by auditing the state subsidies and free benefits, as well as the performance systems operating outside the public finances. The SAO therefore performs scheduled audits of companies in the majority ownership of local governments, within the framework of which Sárvíz Kistérségi Járóbeteg Szakellátó és Egészségügyi Szolgáltató Közhasznú Nonprofit Kft. has been audited.

The company was founded on 9 July 2009 by eight municipalities, the majority owner being the municipality of Aba. The company has public benefit status, its main activity was medical outpatient care. It did not start its main activity during the period under review, and performed the implementation of an EU subsidy that it won for the establishment and development of an outpatient clinic.

During the audit of the exercise of ownership rights by the Aba Town Local Government, the SAO found that the Supervisory Board had not prepared its rules of procedure. As the main body of the company, the General Meeting decided on the acceptance of the annual reports for 2013-2015 in the absence of a written report of the Supervisory Board and did not decide on the simplified annual report for 2016. The remuneration policy was not created.

The accounting policies and system of accounts of Sárvíz NKft. are not compiled in accordance with statutory requirements. The company did not have any documents for auditing the financial management and the regularity of the financial management, therefore its financial management was not transparent and accountable, and did not ensure the preservation and protection of property. It did not substantiate its simplified annual reports with documents and inventory. The simplified annual report for 2015 was published late, while the simplified annual report for 2016 has not been published. In 2013-2014 the public benefit annex was not prepared. As a public service entity and public company, it did not fulfil its statutory obligation to publish and submit data.

The company which was classified in the government sector in 2016 did not set up a system for monitoring the implementation of activities and objectives and failed to meet its statutory reporting obligations towards the Minister of Public Finances. The company did not provide data to verify the lack of financial management of the government sector and the regularity of its elements affecting the public debt. As a result of the replacement of the manager after the audited period it was not possible to raise the issue of the liability for irregularities found during the audit of the company.

In its report, the SAO issued 11 recommendations to the managing director of Sárvíz Kistérségi Járóbeteg Szakellátó és Egészségügyi Szolgáltató Közhasznú Nonprofit Kft., and six recommendations to the Mayor of the City of Aba, in response to which they shall prepare a plan of action within 30 days.