



ÁLLAMI  
SZÁMVEVŐSZÉK

**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](mailto:sajto@asz.hu) Web: [www.asz.hu](http://www.asz.hu) ; [www.aszhirportal.hu](http://www.aszhirportal.hu)



## THE SAO CONCLUDED THE AUDIT OF NATIONAL SPORTS CENTERS

Summary for the press on the financial and asset management audit of specific institutions of the central subsystem – National Sports Centers (18247)

**The State Audit Office of Hungary has completed the audit of the regularity of the financial and property management of National Sports Centers in respect to years 2012 to 2016, and the audit of the investment preparation of Margitszigeti Nemzeti Tenisz Versenyközpont. According to the SAO, the internal control system did not ensure the regular, responsible, economical, efficient and sound financial management of public funds and national assets. The financial and property management was not regular, and the control environment of integrity was not established proportionately to the risks. Its organizational and operational processes, its internal regularity, and the implementation of the Margitszigeti Nemzeti Tenisz Versenyközpont entail high risks related to transparency, accountability and effective implementation. The preparation of the decision on the investment was not appropriate.**

The State Audit Office of Hungary regularly audits the financial and asset management of central budgetary institutions playing an extremely important role in public spending, including hospitals, including their activity from the preparation of decisions on prioritized investments to be implemented from public funds to the actual commencement of implementation.

National Sports Centers started its operation as central budgetary organ on January 1st, 2015 in order to operate and develop Olympic centers, ensure the basis for preparation for Hungarian competitive sports and youth training, as well as to promote the performance of prioritized tasks related to different types of sports. Governing body's tasks were performed by the Ministry of National Capacities and then by the Ministry of Human Capacities. From April 1st, 2015 to the end of the audited period, the Ministry of National Development was the governing body. The SAO stated that the governing body's task performance over National Sports Centers was regular during the period audited.

The establishment of the internal control system of National Sports Centers and its operation did not comply with legal requirements. The establishment of the control environment was not regular. Regulations concerning organizational structure and tasks, including tasks related to the preparation, implementation and planning of investments were not included in the organizational and operational rules. The institution did not determine the order of appointing persons authorized to issue a performance certificate in respect of material and other expenditures. During part of the audited period, it did not have an audit trail appropriate for its effective operation and rules of procedure concerning the management of irregularities, and it did not regulate the rules of procedures concerning the management of events which violate integrity. The operation of the risk management system did not comply with regulations. Persons authorized to issue performance certificates were not appointed in writing by the responsible parties. The operation of information and communication processes was not regular. The institution did not publish its annual budget for 2012-2013. It did not develop processes which would ensure regular, economical, effective and efficient use of available sources. It ensured the development of internal audit in accordance with legal provisions, however, its operation was not regular. The audit planning memorandum for 2016 was not available, for the following years, it had an internal audit planning memorandum based on risk analysis.

During collection and settlement of revenues, as well as the utilization of expenditure appropriations, the exercising of financial management competencies at National Sports Centers did not comply with legal requirements. The content of the detailed registry kept for the support of the residues committed for 2016 did not comply with the legal requirements. The institution did not conduct an inventory with stocktaking and did not have any reports supported by inventories.

The organisational structure of National Sports Centers did not comply with the Operational and Organisational Rules, responsibilities were not unambiguous, which presented a risk in terms of the implementation of the audited investment. The audited investment had no schedule, the preparation for the decision on the investment was not regular on behalf of the Ministry of National Development.

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*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.*

The State Audit Office of Hungary made one recommendation to the Minister of Human Capacities and further 15 recommendations to the Director General of National Sports Centers, for which they have to prepare a plan of action within 30 days.