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## THE AUDIT OF NKE SZOLGÁLTATÓ NONPROFIT KFT.

Summary for the Press

on the audit of state-owned business associations – NKE Szolgáltató Nonprofit Kft. (18306)

**The State Audit Office of Hungary has completed the audit of the financial management and asset management of NKE Szolgáltató Nonprofit Kft. for the period of 2013 to 2016. The SAO concluded that the National University of Public Service (the Nemzeti Közszolgálati Egyetem (NKE)) established the framework for exercising proprietary rights over the company properly and exercised its proprietary rights regularly. The operation and financial management of the company was regulated, however, its asset management was not lawful in 2013 and 2016, thus it did not ensure accountability and transparency.**

State-owned economic organisations are part of the national assets, their audit is particularly important in order to preserve and protect the national wealth. Through its audits, the State Audit Office of Hungary contributes to the regular, transparent, accountable and successful use of public funds. The SAO, therefore, proceeds with scheduled audits of state-owned economic organisations, within the framework of which it audited NKE Szolgáltató Nonprofit Kft.

The National University of Public Service (NKE) founded NKE Szolgáltató Nonprofit Kft. on March 1st, 2013 solely owned by the University, for the purposes of joint non-profit economic activities. The proprietary rights over the company were exercised by the Rector pursuant to the provisions of law. The main activity of the company was the provision of other business support services not elsewhere classified, it performed the operation of the buildings and facilities of the NKE in the audited period, and provided other services supporting the operation of the NKE - event organization and management, dispatcher service, operation of the vehicle fleet, publication editing and printing services as well.

The registered capital of the company was HUF 5 million at foundation, which increased to HUF 128.8 million by the end of the audited period as a result of four capital increases. The company performed its tasks using its own assets, it did not have any assets in management. The company was classified as other organization in the government sector from December 30th, 2015. The company did not have any transactions that generated debt in the audited years, generated profits were placed in profit reserves. A new Managing Director was appointed twice during the audited period, on March 1st, 2014 and on October 11th, 2016.

NKE exercised its proprietary rights over NKE Szolgáltató Nonprofit Kft. in a lawful manner.

The regularity of the company ensured the conditions of regular bookkeeping and reporting in 2013 and 2016, however, the system of accounts did not comply with the content requirements stipulated in the law.

The financial and asset management of the company was not regular in 2013, because the balance sheet items of the financial statements of 2013 were not supported by an inventory.

The accounting of revenues and expenditures was regular in 2016, however, the asset management was not regular, because the balance sheet items of the financial statements of 2016 were not supported by an inventory.

The company fulfilled its obligation to disclose data of public interest.

Based on the findings, the State Audit Office of Hungary made three recommendations to the Managing Director of NKE Szolgáltató Nonprofit Kft., who should prepare a plan of action within 30 days.