



ÁLLAMI
SZÁMVEVŐSZÉK

Further information, Public Relations:

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

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

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



THE AUDIT OF THE UNIVERSITY OF THEATRE AND FILM ARTS

Summary for the press on the audit of central budget institutions – Integrity and internal control, property management – University of Theatre and Film Arts (19054)

The State Audit Office of Hungary (SAO) has completed the audit of the University of Theatre and Film Arts. According to the SAO, the internal control system of the University did not ensure the transparent, regular, responsible financial management of public funds. An integrity control system ensuring protection against vulnerability to corruption has not been deployed. The protection of state property was not ensured and its statement was not transparent.

The State Audit Office of Hungary audits the financial management, operation of budgetary institutions in order to support the regular financial management of the audited organisations with its findings, and to promote the enforcement of the basic postulates laid down by the Fundamental Law with its recommendations. Higher education institutions must be exemplary institutions, which serve as models. It is in the interest of society as a whole that these institutions operate in accordance with the rules, fully comply with the provisions governing their financial management and use the public funds entrusted to them in accordance with the rules.

The body exercising the founder's rights over the University of Theatre and Film Arts is the National Assembly, and its proprietor and governing body is the Ministry for Human Capacities. The public service obligation of the University covers education, academic research and creative artistic activity. The University is led by the Rector, who is the primary accountable manager, representative, and responsible for the appropriate operation of the University's core activities. The chancellor is responsible for the preparation of financial management measures and recommendations, and in charge of the operation of the University. The University is an independent legal entity, which operates in accordance with the order of budgetary management, its competence and area of operation is the territory of Hungary. The maximum number of students admissible is 548 persons. Its total revenue received in 2017 was nearly 1.92 HUF billion, and its total expenditure incurred was 1.39 billion HUF, and its average staff number was 119 persons.

The subject of the audit was the establishment and operation of the University's internal control system, the full deployment of integrity controls, the conditions for performance audit, and the protection and regular financial statement of state property.

The SAO has concluded that the establishment and operation of the University's internal control system was not in accordance with the rules. The University operated in a non-compliant control environment, and the establishment of its operational and organisational framework was not regular. Its accounting policy and the content of its regulation on the inventory and stocktaking of assets and liabilities to be prepared within the accounting policy did not comply with the legal provisions. Due to the deficiencies of the inventory regulation within the rules regarding financial management and finances, the requirements of transparency and accountability with the assets were not ensured.

The University did not establish an integrated risk management system. The risks were not identified and handled. During the execution of the control activity, the irregular implementation of commitment and proof of performance threatened the transparency of the accounting. The operation of information and communication processes was not in accordance with the rules. The University operated its internal audits in an orderly manner.

No integrity control system was established by the University; therefore, protection against corruption was not ensured.

The University did not prepare an inventory to justify the balance sheet; therefore, the protection of state property and the transparency of its records were not ensured. The University infringed the principle of balance sheet authenticity, the statement did not provide a true and fair picture of the University's operation.

The State Audit Office made 11 recommendations to the Chancellor of the University of Theatre and Film Arts, for which he has to prepare a plan of action within 30 days. Due to the detected irregularities the notification of the competent authority is justified so that the necessary procedures can be conducted and measures can be taken.

The financial management of the University has not complied with the legal provisions for several years according to the experience gained from the previous audits and the findings of this audit, so it might be justified to consider

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 a 'well-managed state'. Through its recommendations, the SAO promotes the regular, economical, efficient and effective use and utilisation of public funds.

the possibility that the public service obligations of the University should be performed within a different organisational framework in order to ensure the regular use of public funds and to protect public property.