



STATE AUDIT
OFFICE OF HUNGARY

The Audit Plan of the State Audit Office of Hungary
for the Second Half of 2013

A-071-002/2013.

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Approved by

László Domokos
President

INTRODUCTION

The Act on the State Audit Office has ended the era of audit without consequences, thus the work of auditors now effectively contributes to the renewal of the system of Hungarian public finances. The audit plan for the second half of 2013, approved and signed by the President of the State Audit Office of Hungary, was compiled taking into consideration the responsibility and challenge of the things mentioned above. The audit subjects were selected so that our available resources are used in the most efficient way possible and so that our work improves the utilisation of public funds to the greatest extent as well as the quality of the management of national property. The State Audit Office of Hungary keeps an eye on the money of taxpayers and the property of the state, thus in the second half of this year we will continue to audit where the professional, precise and unbiased work of the auditors is the most needed.

The baseline of the audit plan for the second half of 2013 was the audit plan for the first half of 2013. During the preparation of our audit subjects a key constraint was the completion of audits which were started before the planning period, and the implementation of obligations to be done annually or biannually. These assignments together used up a significant amount of our audit resources.

The timeliness of our audits, the efficient utilisation of our audit capacities as well as performing our wide range of audit obligations and mandates in a scheduled manner can only be ensured by applying well-founded and careful planning methods. This is why our most important goal during the renewal of our auditing and planning work was to create a system that allows a thorough and justified selection of subjects. The constant risk assessment concerning audit subjects and audit areas ensures that besides our statutory obligations we can concentrate our audit on areas with increased financial, operational and national economic risks. When compiling the audit plan and scheduling the audits we considered the need and possibilities for the utilisation of the reports by the National Assembly and society. Thus, in justified cases, the basis of audit subjects have been modified or expanded in conformity with the auditing and planning processes.

One of the strategic goals of the State Audit Office of Hungary is to audit utilisation of public funds which have not been covered until now. To this end, besides the completion of mandatory tasks with prescribed frequency (audit of the final accounts, opinion on budget appropriation bill, control over state assets, audit of political parties and party funds, supervision of municipal resource allocation) and audits in progress, we are extending our audits to areas that have not been audited before (such as local minority governments, economic chambers and ESF Social Services Nonprofit Ltd.)

Giving opinion on the 2014 budget appropriation bill of Hungary and the audit of the implementation of the 2012 budget are our priority and strategic assignments. Concerning the latter, we will continue the audits building on the subject, namely harmonising data requests and on-site audits. The audit of Courts of Justice, the Directorate General for Audit of European Funds, the Hungarian Competition Authority, the Military National Security Service, the Hungarian State Treasury, the Wekerle Sándor Fund Management, and agricultural research institutes and gene preservation institutions takes place within this context. The one-stop-shop data request allows more efficient

work, since we can decrease both the utilisation of our resources and the workload on auditing institutions.

The so-called standard audits (a standard audit program including the same audit criteria, questions, highlights is applied to a set of organisations, public bodies in the framework of separate audit tasks) will continue to be emphasized in our second half year plan, which are carried out with little adaptation within programs that allow several comparable audits. In the second half year our audits and assessments on the propriety and financial situation of local governments, their internal control and the public duty service done by business associations in a majority ownership of local governments will continue.

In the second half audit plan, the audit of three political parties (Hungarian Socialist Party, The Movement for a Better Hungary Party and the Politics Can Be Different Party) and the financial management of their foundations arise as new tasks. Besides these, new assignments are the review of the local government decree on revenues due to and shared by the Budapest Municipality and the Budapest district local governments in 2013, institutions of higher education and of public tasks of business associations in majority ownership of local governments (based on new aspects), to be started in the second half of 2013).

When elaborating our audit plans and programs we strive to encompass the widest possible area of utilisation of public funds with our audits and assess the activity of the audited organisations based on the same criteria besides fulfilling our mandatory duties.

LIST OF AUDIT SUBJECTS

(table of contents, based on the serial number of the audit subjects)

I. AUDITS IN THE SECOND HALF OF 2013

- 01 Other regularity audit on the set-up of the internal control system of local governments and the operation of specific control activities and internal audit
- 02 Other regularity audit on the situation and regularity of the financial management of local governments
- 03 Other regularity audit on the property management of local governments
- 04 Other regularity audit on the activities of regional and micro-regional development councils related to the allocation of resources
- 05 Other regularity audit on the financial management of local and minority local governments
- 06 Other regularity audit on the activities of economic organisations to maintain and increase property value at specific selected public service companies or other groups of companies performing similar activities
- 07 Other regularity audit on the specific institutions of the central subsystem in terms of financial management situation and property management thereof
- 08 Regularity audit on the utilisation of budget subsidies provided for the performance of public tasks of economic chambers, as well as on the costs accountable in the course of the utilisation of vocational training contributions, arising at economic entities organising vocational training in 2009-2011
- 09 Performance audit on the efficiency and effectiveness of the subsidy scheme of public employment and the related training programmes
- 10 Regularity audit on local government associations and the task performance thereof
- 11 Other regularity audit on the performance of public tasks of business associations in a majority ownership of local governments
- 12 Regularity audit on the financial management of Courts of Justice
- 13 Regularity audit on the operation and financial management of the Directorate General for Audit of European Funds
- 14 Regularity audit on the operation and financial management of the Hungarian Competition Authority
- 15 Regularity audit on the Military National Security Service
- 16 Regularity audit on the operation and financial management of the Hungarian State Treasury
- 17 Regularity audit on the financial management of certain agricultural research institutes and gene conservation institutions of the Ministry of Rural Development
- 18 Regularity audit on the financial management of the Wekerle Sándor Fund Management

- 19 Regularity audit on the operation of the previous and the renewed public procurement system
- 20 Regularity audit on the financial management of ESF Social Services Nonprofit Ltd.
- 21 Systems audit on the establishment and operation of the new organisational, financing and control system of the public media and news broadcasting services
- 22 Other regularity audit on the set-up of the internal control system of local governments and the operation of specific control activities and internal audit – launched in 2013
- 23 Other regularity audit on the situation and regularity of the financial management of local governments – launched in 2013
- 24 Other regularity audit on the property management of local governments – launched in 2013
- 25 Other regularity audit on the financial management of local and minority local governments – launched in 2013
- 26 Institutions of higher education – Regularity audit on the operation and financial management of the public institutions of higher education as well as the utilization of state benefits provided to institutions of higher education maintained by churches
- 27 Other regularity audit on the performance of public tasks of business associations in a majority ownership of local governments – to be launched in the second half of 2013
- 28 Follow-up audits

II. AUDITS TO BE CARRIED OUT ANNUALLY (BIANNUALLY) BY LAW
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- 29 Financial regularity audit on the execution of the 2012 budget of Hungary
- 30 Opinion on the 2014 budget bill –Opinion on the 2014 budget bill of Hungary
- 31 Control over state property – Regularity audit on the activities related to the exercise of proprietary rights over state property
- 32 Financial management of the Hungarian Socialist Party – Financial regularity audit on the legality of the financial management of the Hungarian Socialist Party in 2011-2012
- 33 Financial management of the Táncsics Mihály Foundation – Financial regularity audit on the legality of the financial management of the Táncsics Mihály Foundation in 2011-2012
- 34 Financial management of *Jobbik* – Financial regularity audit on the legality of the financial management of The Movement for a Better Hungary Party (*‘Jobbik’*) in 2011-2012
- 35 Financial management of The Foundation for a Prospering Hungary – Financial regularity audit on the legality of the financial management of The Foundation for a Prospering Hungary in 2011-2012
- 36 Financial management of LMP – Financial regularity audit on the legality of the financial management of Politics Can be Different Party (LMP) in 2011-2012
- 37 Financial management of the Ökopolisz Foundation Financial regularity audit on the legality of the financial management of the Ökopolisz Foundation in 2011-2012
- 38 Review of allocation of sources – Review of the local government decree on revenues due to and shared by the Budapest Municipality and the Budapest district local governments in 2013