



ÁLLAMI
SZÁMVEVŐSZÉK

Summary

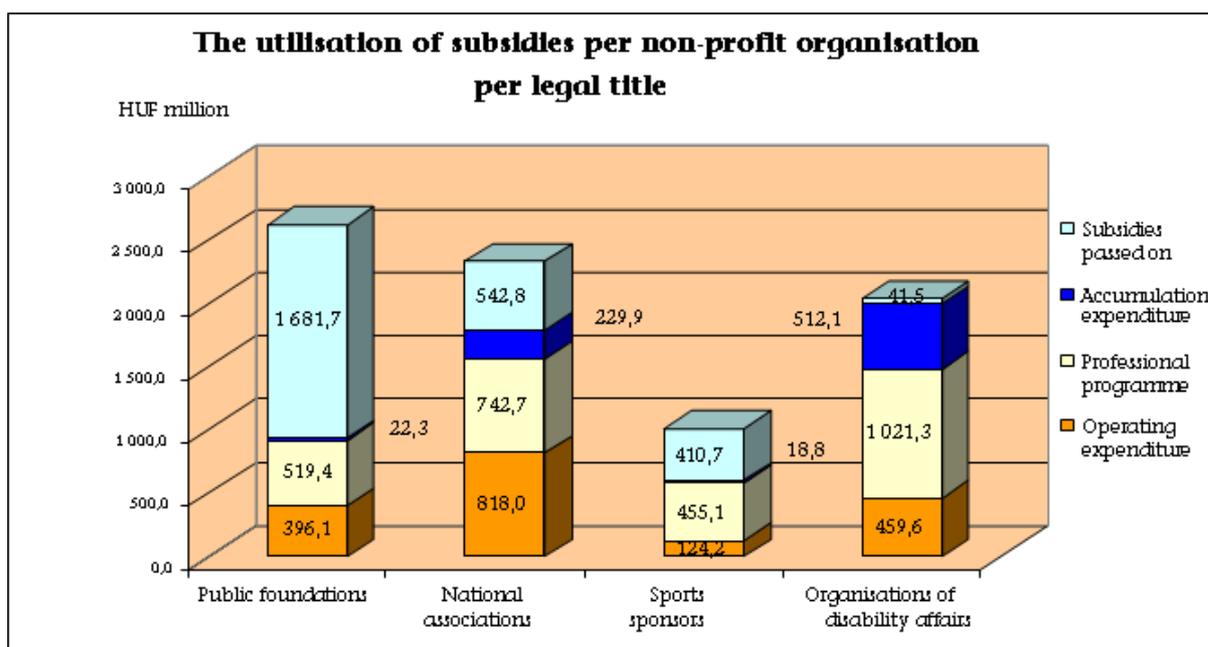
of the Audit on the Utilisation of Non-normative State Subsidies and of Assets Provided Free of Charge to Non-profit Organisations Involved in Providing Assistance to the Disabled Persons (1024)

The New **National Programme of Disability Affairs**, adopted by a resolution of the National Assembly and launched in 2007, in the implementation of which non-profit organisations had an important role, gave topicality to the audit of the State Audit Office of Hungary (SAO) on non-profit organisations safeguarding the interests of, providing for and assisting disabled persons. The participation in the programme tasks resulted in the continuously increasing non-normative subsidies of non-profit organisations, received from the central budget in the period 2007-2009. Based on these, it was for the first time in the 2010 **audit plan that SAO scheduled the audit on the utilisation of non-normative state subsidies and of assets provided free of charge to non-profit organisations involved in the assistance of disabled persons.**

The Government prepared a medium-term action plan for the implementation of the programme for the period 2007-2010. The submission of the report on the implementation of this plan to the National Assembly and the assessment of the implementation of the objectives was not realized. Consequently, **reliable data on the allocation of state subsidies from 2007 to 2009 for the support of the participation of non-profit organisations was only partly available.** Based on preliminary request of information, the number of non-profit organisations taking part in the assistance of disabled persons was 1,200, out of which 700 received non-normative state subsidies. From the latter group, SAO audited 147 organisations by requesting provision of certified data, and out of these 51 were audited on-site. In the three-year period of the financial management, the 147 organisations received non-normative budgetary subsidies amounting to HUF 11,631 million, out of which the organisations audited on-site received HUF 8,028 million. Between 2007 and 2009 the non-normative subsidies increased by 124 % at the audited organisations and by 147% at those audited on-site.

It was a basic deficiency in the multichannel budget financing system that **there was no conformity on the part of the fund managers in the calls for tenders on the same subsidisation objectives, which made double-funding possible** (National Civil Fund, Ministry of Health, national associations, the operating subsidies of the Operational Programmes of the National Development Plan). **The social expediency of the subsidies allocated to tasks relating to disabilities within the framework of subsidy contracts was not justifiable in some cases in the absence of performance indicators;** nationwide processing, evaluation was not prepared, in every case, on the effectiveness of the implemented aims. **The**

organisations audited on-site between 2007 and 2009 accounted for an amount of HUF 7,996.2 million budgetary subsidies, the utilisation of which is presented by the following chart in the distribution of non-profit organisations and legal titles:



Public foundations established by the Government utilised 36% of the subsidies for operating, professional and accumulation purposes, while 64% were passed on to other non-profit organisations for disability purposes. The passed-on subsidies financed complex disability programmes; professional activity mainly included event planning and research.

The **national interest group associations** utilised three quarters of the subsidies for tasks organised by them, and they supported functionally related organisations from the remaining part. In their field of activity they assisted in the independent activity of disabled persons, organised special training for professionals, and issued educational publications. The subsidies utilised for professional programmes amounted to 86% within the sponsoring of competitive and mass sports of people with a disability.

The **foundations, civil society and other organisations** directly assisted disabled persons with the utilisation of a subsidy amounting to HUF 2,034.5 million. The organisations operated supporting and assisting services, a methodology centre, they established residential homes and manors, ran information and guidance offices, and within the framework of the FECSKE programme¹, they provided periodic and home care. The training of guide dogs, a sign language interpreter service, and the assistance of persons with multiple disabilities was implemented as a special task.

85% of the non-profit organisations audited on-site, **utilised regularly the non-normative budgetary subsidies, for the aims set in the National Programme of Disability Affairs.** The audit revealed a 3.5% discrepancy projected to the amount of the accounted subsidy in eight organisations, because of the **utilisation of HUF 40.1 million diverging from the aim, double accounting, infringement of the accounting and tax rules, and failure to repay the residue.** The audit concluded the personal liability in the **Parents' Association of Children with Autism**, because of the breaching of the provisions stipulated in the Act on Accounting and in the subsidy contracts. Legal proceedings are already taking place due to the justifiable suspicion of the criminal act of embezzlement. At the request of the police conducting the investigation, SAO has sent them the audit report.

The **legal, statutory regulations and contractual requirements prevailing** in the course of the utilisation of the subsidies **are not evident and are contradictory in many respects.** There is no uniform provision as to the separation and registry of accountable expenditures for an operative and professional purpose; there is no conformity between the order of reporting on public revenues and the content requirements of the public use report. Only one in every five subsidy contracts was related to the National Programme of Disability Affairs. The complete specifications of the endorsement obligation were missing from the subsidy contracts of the Ministry of Social Affairs and Labour; at the purchase of a real estate, contrary to the specifications of the ministerial decree, obligations of operation and services were not specified, and the conditions of alienation were not regulated.

Six of the non-profit organisations audited on-site and participating in the assistance of disabled persons received a state asset benefit free of charge in the amount of HUF 792.8 million. **All of the organisations used the real estate for the objective determined at the time of receiving the benefits, and, up to this moment, they observed the 15-year restraint on alienation undertaken at the conclusion of the contract.**

The SAO **recommended the Government** to examine the reason for the failure to submit the report on the implementation of the programme to the National Assembly, determine the liability in the case of omission; initiate the review of the central budget financing system related to the assistance of persons with a disability, with particular regard to the measurability of the social expediency and the harmonisation of the non-normative subsidies of non-profit organisations; take measures regarding the elaboration of a uniform, IT-based data supply ensuring the financial transparency of the subsidies in order to avoid double-financing and to ensure the provision of audit data; order the harmonisation of the legal provisions related to reporting and accounting.

The SAO **recommended the Minister of National Resources** to specify the obligation of operation and services at the purchase of a real estate in the subsidy contracts, and also the regulations on alienation to be observed; in addition, the endorsement obligation of the submitted vouchers for the accounting of the subsidies;

indicate the efficiency indicators to be reached as well as the connection of the subsidisation aims to the National Programme of Disability Affairs. The SAO further recommended that the misappropriated subsidies should be reimbursed (Parents' Association of Children with Autism, Hungarian Sports Federation for Persons with Intellectual Disability).

The organisations audited on-site prepared an action plan based on the recommendations of the State Audit Office of Hungary to address errors and deficiencies, and they reported on its time-proportionate implementation in a documented way.