



Summary
of the Audit on the Legality of the Financial Management of the
István Barankovics Foundation in 2008-2009 (1041)

Objectives and scope of the audit

The István Barankovics Foundation was founded by the Christian Democratic People's Party in 2006 and it was audited for the second time. The audit objective was to evaluate the legality of the financial management of the foundation, the compliance of financial statements and bookkeeping with legal provisions, as well as the termination of deficiencies revealed in the course of previous audits.

Main Findings

The activity and financial management of the István Barankovics Foundation complied with legal provisions and the deed of foundation. The **board of trustees** performed their tasks observing legal requirements, took their majority decisions in meetings with a quorum present, did not decide however on the acceptance of 22.7% of the donations (HUF 136 thousand).

91.7% of the foundation's **revenue** (HUF 200,471 thousand) resulted from central budgetary subsidies as stipulated in the annual budget acts, on the basis of the Act on the Operation and Financial Management of Political Parties. Besides, the donation of persons and legal entities in the amount of HUF 599 thousand and liquid funds were put out at interest.

70.6% of the **expenditures**, that is HUF 128,762 thousand, resulted from the direct costs of achieving the foundation's goals aiming at the objectives specified in the Act on the Foundations engaged in Scientific, Academic, Research and Educational Activities in Support of Political Parties and in the deed of foundation. In contrast to the deed of foundation, internal regulations allowed the chairman of the board of trustees to award subsidies under the limit of HUF 1 million. Due to the inappropriate regulation, the board of trustees adopted their decisions about 66.5% of the subsidies only at a later stage, when the contracts had been concluded. The foundation granted the subsidies in compliance with the contracts. The beneficiaries accounted for the subsidies in all cases.

The foundation **kept its books** observing the applicable legislation and internal regulations; it applied an accounting policy stipulating the way of preparing the financial statements as required by law; as well as the related **regulations**. The foundation prepared the simplified **financial statements** within the deadline, which contained true and fair data about the financial management of the foundation. The foundation prepared its **annual reports** in harmony with the stipulations of the act on the foundations in support of political parties in both years, which were approved by the board of trustees.

Recommendations

The SAO recommended the board of trustees to observe the stipulations of the deed of foundation regarding the acceptance of donations and the award of subsidies.