

SUMMARY

of the Audit Report on the Execution of the 2021 Central Budget of Hungary

The execution of the 2021 central budget complied with the legal requirements. The budget revenue and expenditure outturns in the 2021 Bill on Final Accounts are reliable. The final draft of the bill has been prepared in accordance with the legal provisions. Public debt has been in compliance with the legal requirements.

THE SOCIAL REASONING FOR AUDITING

The State Audit Office of Hungary, in accordance with its statutory obligation, audits the final draft of the bill on the execution of the central budget every year, assessing the reliability of the revenue and expenditure data for the central subsystem as a whole and compliance with the requirements on the deficit and the evolution of the public debt.

The audit of the final accounts provides an assessment of the reliability of the revenue and expenditure data of the central subsystem as a whole, through the verification of the execution of the central budget, including central and chapter managed appropriations, social security funds, separated state funds and the revenue and expenditure appropriations of the budgetary bodies of the central governmental subsystem.

The execution of the statutory auditing obligation and the SAO's assessment of the final accounts support the National Assembly in the adoption of the final draft of the bill on the execution of the budget in a substantiated manner.

MAIN FINDINGS AND CONCLUSIONS

The central and chapter-managed appropriations of the central subsystem of the central budget presented in the 2021 Bill on Final Accounts, the revenue and expenditure appropriations of the central budgetary bodies, the social security funds and the separated state funds were reliable and the execution thereof were regular. The 2021 Bill on Final Accounts presented the income and expenditure data in a true and fair view.

The Bill on Final Accounts of 2021 was prepared by the Ministry of Finance in line with the structure and content according to the legal requirements. The bill presents the reasons for the deviation of the deficit of the central subsystem from the amount planned in the budget, as well as the form of financing the budget deficit.

The cash flow deficit of the central subsystem of the public budget decreased compared to the amount of the previous year's deficit, amounting to 8.7% of GDP in 2021.

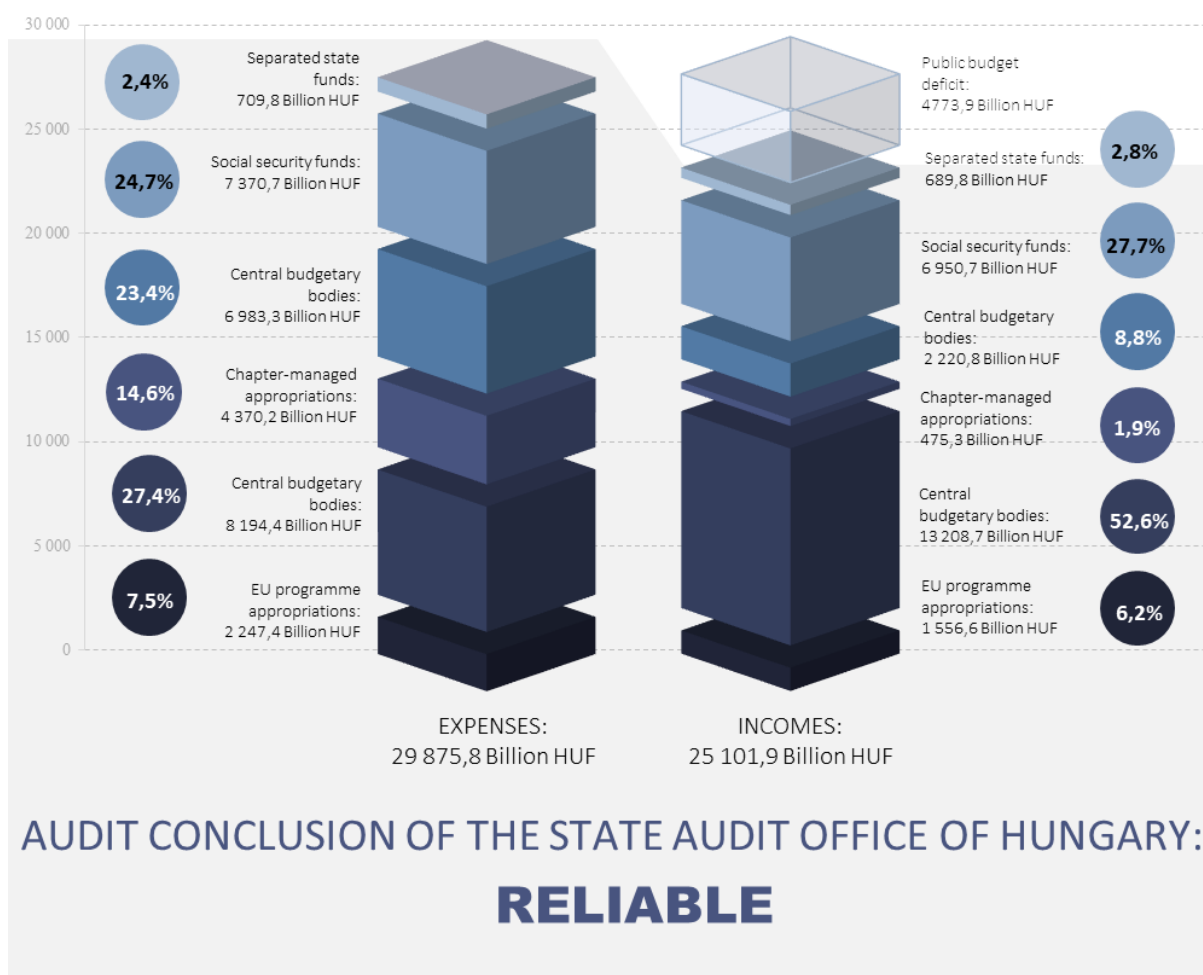
The GDP proportional deficit of the government sector decreased to 7.1% compared to 7.5% in 2020, and it was also realized above the 3.0% Maastricht criterion. In order to manage the negative effects of the Covid-19 pandemic, exemption from the fulfilment of the Maastricht criterion was also made possible in 2021 by the EU standards and the provisions of the Stability Act in the domestic legal order.

The public debt ratio decreased to 76.8% by the end of 2021 compared to 79.3% at the end of 2020, developed significantly more favourable than the planned rate of 79.9% fixed by the Act XC of 2020 on the 2021 central budget of Hungary.

During the audit, the SAO of Hungary indicated the deficiencies revealed regarding the internal regulations, the accounting of economic events, the controls prior to the execution of payments, and the operation of the integrated risk management system to the management of the audited organizations. These deficiencies did not reach the materiality threshold, so the reliability of the data included in the Bill on Final Accounts and the regularity of the execution of the central budget as a whole was not influenced.

Distribution of the execution of the central subsystem's revenue and expenditure appropriations for 2021, and their classification is shown in Chart 1.

Chart 1: RELIABILITY OF THE EXPENDITURE AND REVENUE OUTTURN FIGURES FOR 2021 OF THE CENTRAL SUBSYSTEM (BY AUDITED AREA, IN BN HUF AND % OF TOTAL)



Source: Edited by the SAO based on the 2021 final accounts bill.