

SUMMARY

of the Audit Reports on Four parties and party foundations audited by the SAO

Within the framework of a compliance audit, the State Audit Office of Hungary assessed the lawfulness of the financial management of the Fidesz-Hungarian Civic Alliance, the Momentum Movement, the Christian Democratic People's Party, the Hungarian Two-Tailed Dog Party and their foundations in 2020-2021. In addition to its findings on irregularities detected during the audit, the SAO made recommendations to correct the deficiencies. During the audit of the Hungarian Two-Tailed Dog Party and its foundation, the SAO found serious weaknesses in the regulatory, management, grant-making and donation acceptance procedures.

The SAO is required by law to audit the management of parties and party foundations which received budgetary funding every two years. The purpose of the audit is to provide an independent and professionally sound opinion on the lawfulness of the management of the audited organisation. The current audit reviewed the compliance of the management of parties and their foundations with the regulations for the years 2020 and 2021. The audit was carried out in accordance with the SAO's audit programme and the legislation in force during the period audited, following the rules and publicly available audit methodology known to the parties and party foundations.

During the audit of the [Fidesz-Hungarian Civic Alliance](#) and the [Alliance for a Civic Hungary Foundation](#), the SAO found minor - typically administrative - deficiencies, similarly for the [Momentum Movement](#) and its foundation, the [Let's Start Hungary Foundation](#).

The SAO found shortcomings in the regulation of the [Christian Democratic People's Party](#) regarding three areas in total. The irregularities identified concerned the invoice system and the late recording of economic transactions in the accounting system. It was also stated that the party's supervisory committee had not fulfilled its statutory role of controlling financial management during the audited period. Regarding the [Barankovics István Foundation](#), established by the Christian Democratic People's Party, the SAO recommended, among other things, the completion of the Foundation's accounting policy and the establishment of a new accounting plan, the proper keeping of accounting records and the full substantiation of the balance sheet items of the accounting reports.

The SAO's audit of the [Hungarian Two-tailed Dog Party](#) revealed serious compliance and accounting irregularities and the acceptance of illicit financial contributions. The party's financial statements for 2020 and 2021 did not comply with the legal requirements, and it did not use and account for the funds, budget and other subsidies and donations for its operation in an orderly manner. The SAO also found that the party accepted HUF 5 613 424 in financial contributions from a legal entity - its foundation - during the audited period, despite the legal prohibition. The SAO's report stated that in several cases the management of the Hungarian Two-Tailed Dog Party was not separate from the management of the Savköpő Menyét Foundation established by the party. The SAO found that this posed a risk to the party's compliance with its legal obligations and

its proper management from authorised sources under Act XXXIII of 1989 on the Operation and Management of Political Parties. The SAO made 10 recommendations altogether to the party's president to amend the deficiencies. The party is obliged to pay the value of the contributions accepted despite the legal prohibition to the central budget in accordance with the relevant legal provisions, and the amount of the funding granted to the party from the central budget must be reduced by this amount.

The SAO found similarly serious deficiencies and irregularities in the management of the [Savköpő Menyét Foundation](#), established by the Hungarian Two-Tailed Dog Party. According to the report, the content of the foundation's regulations, which must be drawn up in accordance with the Accounting Act, did not comply with the legal requirements. The infringement of the law discovered during the audit of the founding party was also substantiated during the investigation of the Foundation. Despite the legal prohibition, the Savköpő Menyét Foundation provided HUF 5 613 424 contributions in total to the founding party during the audited period: it paid the rent of the property shared with the founding party during the audited period, it did not share the rent in proportion to the use of the property, and it financed the expenses related to the joint event (camping) in 2020 and 2021 instead of the founding party. The SAO has made 12 recommendations to the Chairman of the Board of Trustees of the Savköpő Menyét Foundation to correct the irregularities detected during the audit.