



AUDIT OF THE MAGYAR KÖNYVVIZSGÁLÓI KAMARA

Summary for the Press

Audit of public bodies – the Magyar Könyvvizsgálói Kamara (16164)

The State Audit Office of Hungary has finished the audit of the Magyar Könyvvizsgálói Kamara (Chamber of Hungarian Auditors) concerning the period of 2012–2014. The SAO found that the financial management of the Chamber was not regular and exemplary. The audit revealed that the president of the Chamber did not fully ensure the protection of personal data, and did not entirely fulfil its disclosure obligation, and as result of this the transparency was not ensured. The Chamber used up and accounted for the budget support according to the regulations.

Public bodies carry out public tasks which are in the centre of increased public attention. It is a social requirement to use public funds on the basis of values, for the intended purpose, to establish the transparency of the support provided from public funds, and the State Audit Office of Hungary contributes to this with its audits assessing the use of support provided from the state budget and the compliance with the legislation applicable to financial management. The protection of public funds in Hungary is ensured by a harmonised system of successive levels. Independent audit ensuring the transparency of financial management plays a highlighted role in this, as the approving opinion of the auditor guarantees that the report provides an objective picture, and truthful and reliable information. Auditing plays a key role in establishing, preserving and sometimes restoring trust and credibility in general, and in relation to the markets as well. This means that the financial management of the public body comprising auditors also serves as a standard for the economic organisations.

The SAO has not yet audited the financial management of the Chamber of Hungarian Auditors (Chamber) that was established in 1997. The Chamber predominantly financed its operations from the membership fees of auditors, and the contribution fees from the auditor companies. These revenues gradually decreased proportionately to the decrease in the number of the members, from HUF 659.7 million in 2012 to HUF 594.7 million in 2014. Between 2012 and 2014, the revenues decreased from HUF 925.2 million to HUF 756.7 million, expenditure decreased from HUF 956.8 million to 751.6 million, the balance sheet total decreased from HUF 1 billion 399 million to HUF 1 billion 374.6 million. The Chamber received a total budget support of HUF 56.5 million in the years 2012–2014. The SAO found that the financial management of the Chamber was not entirely regular. Although the basic internal regulations related to financial management were prepared, the system of accounts in the accounting policies did not include the system of records supporting it. The internal rules of exercising management rights were established; however, the internal policies issued in this field contained contradicting provisions.

The SAO audit found that the financial management of the Chamber was not regular. In the report for 2013, the amount of the budget support was not displayed in compliance with the provisions of the accounting act. The accounting of renovation, investment expenses did not fully comply with the provisions of the law, the statutes and the internal policies, because the commitments were not included in writing in advance, and the written commitments lacked countersigning, furthermore, cash payments exceeding HUF 200 thousand were carried out without management approval. The costs of rendered and other services, the accounting of personnel expenses did not comply with the provisions of the accounting act and the internal policies, because the Chamber did not enter supporting documents under its name into the books, which breaches the provisions of the accounting policy, furthermore, there were no authorisations prior to the payments. Determining and accounting for the fees paid to the officers of the chamber did not comply with the provisions of the applicable legislation and the internal policies, either.

The SAO also found that the Chamber did not entirely fulfil its obligations set forth in the act on the right of informational self-determination and the freedom of information. In the course of processing personal data, they did not appoint an internal data protection officer and they did not initiate a registration for the processing of personal data at the data protection authority, either. They did not entirely fulfil the obligations related to the disclosure of the data of public interest, they did not disclose the data of the Magyar Cégértékelő Nonprofit Kft. in which the Chamber has a stake; therefore, transparency was not ensured.

The SAO formulated six recommendations for the head, and further nine for the secretary general of the Chamber of Hungarian Auditors, who are required to prepare an action plan within 30 days.

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The State Audit Office of Hungary, as the supreme financial and economic audit institution of the Hungarian National Assembly, is an independent fundamental institution of the democratic system of institutions. Its mission is to promote the transparency of public finances through value creating audits, performed on a solid professional basis, thus contributing to 'good governance'. Through its recommendations, the SAO promotes the regular, economical, efficient and effective use and utilisation of public funds.