



ÁLLAMI
SZÁMVEVŐSZÉK

Further information, Public Relations:

Bálint Horváth, Head of Department, Senior Counsellor

State Audit Office of Hungary, Department of Communication and Institutional Relations

Phone: +36 1 484 9145 Mobile: +36 20 238 6939

E-mail: sajto@asz.hu Web: www.asz.hu ; www.aszhirportal.hu

Media: [ÁSZ Youtube](https://www.youtube.com/user/asz_hu) ; www.facebook.com/penzugyiszemle



THE AUDIT OF THE KERESZTÉNYDEMOKRATA NÉPPÁRT

Summary for the Press on the audit of the lawfulness of the 2014–2015 financial management of Kereszténydemokrata Néppárt receiving budget support (17108)

Based on statutory authorisation, the State Audit Office of Hungary audits the financial management of political parties funded regularly from the central budget every two years. During the audit of the 2014–2015 financial management of the Kereszténydemokrata Néppárt (Christian Democratic People's Party), the SAO concluded that the party established the regulatory environment of its financial management in accordance with the legal regulations. During its bookkeeping and financial management, the relevant legal provisions and internal regulations were observed. KDNP prepared and published the financial statements for the years 2014–2015, and thus ensured the transparency of its financial management and financial standing.

For the clarity of political life, it is particularly justified to audit the financial management of political parties. As required by the law, the State Audit Office of Hungary audits the financial management of political parties receiving budget support every two years. Therefore, the SAO plays a prominent role in and is responsible for the enforcement of societal control over political parties.

Kereszténydemokrata Néppárt (KDNP), in line with the statutory requirements, received budget support in the amount of nearly HUF 186 million in 2014, and HUF 153 million in 2015. During the audit of the 2014–2015 financial management of the party, the SAO assessed whether the financial statements disclosed were in compliance with statutory requirements, and whether the relevant legal and internal requirements in bookkeeping and financial management were adhered to, and whether the party used legitimate and eligible resources for its operation.

The SAO found that the lawful framework of the financial management of KDNP was ensured which created the foundations of a transparent and verifiable management of public finances. In the framework of its internal regulations relating to financial management, the party prepared its accounting policy, the regulation to assess its assets and resources, the inventory and cash management regulation. The bookkeeping and the system of registry of KDNP complied with the legal and internal requirements; however, the supporting documents directly supporting its bookkeeping settlements did not contain the signature of the authorising officer and of the person verifying the implementation of the measures, and in 2015 the documents directly supporting the bookkeeping recognition of revenues did not contain a reference to the bookkeeping accounts involved.

The controlling system of KDNP operated in accordance with the requirements; however, the person appointed by the president of the party, in case of the county cash registers the main cashier, did not conduct the cash register inspections with the frequency prescribed by the Cash management regulation. No cash register inspections were conducted in 2014 in the county-level cash registers and in the basic organisations, and in 2015 they conducted cash register inspections at six county organisations and at 30 local organisations. The county-level financial controlling committees did not complete their controlling tasks set forth in the statutes in the audited period.

The financial statement of KDNP was in compliance with the statutory obligations, it fulfilled its disclosure obligation partially in compliance with the law, because it disclosed the financial statement in the Hivatalos Értesítő (Official Journal) by the deadline; however, it disclosed it on its own website after the deadline.

KDNP accounted for and used the funds for their operation lawfully, including subsidies from the central budget and other grants and donations. Its revenues originated from sources permitted by the law – from membership fee payment, central budget support, donations and other revenues. The party ensured that the value of in-kind asset contributions was determined in compliance with the regulations in a verifiable manner.

It complied with the requirements of the laws and the internal regulations when paying the expenditures in relation to its financial management activities.

KDNP used its assets in compliance with the statutory requirements. It used its long-term liabilities in accordance with the provisions, it fulfilled its pay-back obligation in both years. It used its real estates to provide its own operating conditions; it did not utilise or alienate the real estates in its ownership for a fee.

The SAO made four recommendations in its report, furthermore, it addressed the president of the Kereszténydemokrata Néppárt in a warning letter to ensure that the regular performance of tasks is facilitated.

The State Audit Office of Hungary, as the supreme financial-economic 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.