

Act LXVI of 2011 on the State Audit Office of Hungary¹

The National Assembly, in order to control the management and use of public funds, as well as the management, protection and utilisation of national assets, in implementing the Fundamental Law pursuant to Article 43 (4) thereof, adopts the following Act:²

CHAPTER I

GENERAL PROVISIONS

Legal status and powers of the State Audit Office of Hungary

Article 1 (1)³ The State Audit Office of Hungary (hereinafter: SAO) is the supreme financial and economic audit institution of the National Assembly and shall perform its duties subordinated to the National Assembly. The legal status and powers of the SAO are laid down in the Fundamental Law and this Act.

(2) In its audit activities, the SAO is independent of any other organisation.

(3) The SAO shall have general powers to audit the responsible management of public funds as well as state and municipal assets.

(4)⁴ The SAO assists the National Assembly and its committees, and the work of the audited entities through its findings, recommendations and advice based on its audit experience.

(5) Based on its findings, the SAO may initiate proceedings against the audited entities and responsible persons before the competent authorities.

(6) No reports of the SAO, nor any findings or conclusions set out therein may be challenged before a court or other authority.

Article 2 (1)⁵ The SAO shall constitute an independent budget chapter in the Act on the Central Budget, whose right of management is exercised by the President of the SAO.

(2)⁶ The SAO shall itself prepare its budget proposal and report on the implementation of its budget, and the Government shall submit them without any change to the National Assembly as part of the bill on the central budget and the implementation thereof. Considering the provisions in paragraph (2a), the budget of the SAO shall be established in a way that the total amount of the appropriations for other operational expenditures and accumulation expenditures shall not be less than the total amount of the same appropriations set in the central budget of the previous year, excluding the amount of any budget support requested for special, one-off investments.

(2a)⁷ The SAO shall carry out wage bill management. The amount of the SAO's aggregate appropriation for salaries and allowances under the Act on the Central Budget shall be set in such a way that it may not be less than the amount of appropriation under the Act on the Central Budget for the year preceding the year concerned, adjusted by the earnings index showing the annual increase in

¹ Promulgated: 24th June 2011

² Established by: Article 37 (1) of this Act. In force: from 1st January 2012.

³ Amended by: Article 37 (2) of this Act.

⁴ Amended by: Article 23 a) of Act LXXIX of 2022.

⁵ Established by: Article 90 (1) of Act XIV of 2014. In force: from the date of the constituent session of the National Assembly to be formed after the next general election of Members of the National Assembly, from 6th May 2014. See: Resolution 157/2014. (IV. 18.) KE of the President of the Republic.

⁶ Established by: Article 1 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁷ Enacted by: Article 1 (2) of Act LXXIX of 2022. In force: from 1st January 2023.

average gross earnings for the calendar year preceding the said year as published in the Official Gazette by the Hungarian Central Statistical Office. The amount of the aggregate appropriation for salaries and allowances determined for the year concerned shall be adjusted during the year by nine twelfths of the index referred to in this paragraph. The amount of the adjustment must be made available to the SAO no later than on March 31 of the year concerned. This provision shall also be applied when determining, within the appropriation for other operational expenditures, the amount of the appropriation for contributions and social contribution tax imposed on employers.

(3) Any tasks for the SAO, in addition to those set out in Articles 3-5 of this Act, may be established by law only if the financial resources necessary for the performance of such tasks are provided at the same time.

(4) The financial management of the SAO shall be audited by an independent auditor selected and appointed by the Speaker of the National Assembly through a public procurement procedure. The audit shall be entrusted to an auditor with a “budgetary” qualification registered by the Chamber of Hungarian Auditors.

Duties of the State Audit Office of Hungary

Article 3 (1) The duties of the SAO are laid down in this Act and other laws.

(2) The SAO shall carry out its activities on the basis of an audit plan approved by the President. The President of the SAO shall inform the National Assembly of the audit plan and any amendments thereof.

(2a)⁸ By decision of its President, the SAO may also perform audits not included in the audit plan, and shall provide information on such audits in its annual report to the National Assembly.

(3) Within its statutory competence set out by law, the SAO

a) shall conduct audits as decided by the National Assembly, and

b) may conduct audits requested by the Government.

(4) At the request of the North Atlantic Treaty Organisation, the European Union, or any international organisation of which Hungary is a member, as well as to fulfil obligations arising from international treaties undertaken by the National Assembly or the Government, the SAO may perform audits or carry out expert activities falling within its competence in Hungary or abroad, even for a fee. The performance of the audit plan of the SAO shall not be jeopardized by the activities specified in this paragraph.

Article 4 In the annual report prepared for the National Assembly, the President of the SAO shall provide information on the audit activities, operation and financial management of the organisation in the previous year, as well as on the measures taken on the basis of audit findings.

Article 5 (1)⁹ The SAO shall provide an opinion to the National Assembly on the soundness of the Central Budget Bill, the feasibility of revenue appropriations, and the legality and expediency of the use of investment appropriations requiring state commitments.

(2)¹⁰ In the framework of auditing the financial management of public finances, the SAO shall audit the operation of the body managing the central budget chapter and of the budgetary bodies included in the chapter, the use of centrally managed appropriations and chapter-managed appropriations belonging to that chapter, as well as the financial management of local governments, national minority self-governments and the associations thereof.

(3)¹¹ In the framework of auditing the use of funds from the state budget the SAO shall audit organisations (institutions) financed from the central budget, as well as the use of support granted from

⁸ Enacted by: Article 2 of Act LXXIX of 2022. In force: from 1st January 2023.

⁹ Established by: Article 90 (2) of Act XIV of 2014. In force: from the date of the constituent session of the National Assembly to be formed after the next general election of Members of the National Assembly, from 6th May 2014. See: Resolution 157/2014. (IV. 18.) KE of the President of the Republic.

¹⁰ Established by: Article 90 (2) of Act XIV of 2014. In force: from the date of the constituent session of the National Assembly to be formed after the next general election of Members of the National Assembly, from 6th May 2014. See: Resolution 157/2014. (IV. 18.) KE of the President of the Republic.

¹¹ Amended by: Article 185 of Act CLXXV of 2011 and Article 230 b) of Act CLXXIX of 2011.

the state budget, and of assets provided free of charge from the state budget for specific purposes at local governments, national and local national minority self-governments, public foundations (including businesses established by public foundations), public bodies, public benefit organisations, business organisations, associations, foundations and other beneficiary organisations. If a beneficiary organisation receives financial support – other than transfer of a specific portion of personal income tax based on taxpayer instruction – or assets free of charge from the state budget, its financial management activities as a whole may be audited.

(4) In the framework of auditing the management of national assets, the SAO

a) shall audit the management of assets belonging to the public finances, the management of public assets, the activities of business organisations owned (partly owned) by the state or majority-owned by local governments aimed at the preservation or increase of the value of public assets, as well as compliance with the rules on alienation and encumbrance of assets belonging to the public finances

*b)*¹² may audit the management of assets at business organisations owned (partly-owned) by the state or local governments and at any publicly owned business organisations.

(5) The SAO may, in connection with its audit duties referred to in paragraphs (3)-(4), audit procurements financed from the subsystems of public finances and contracts involving assets belonging to the subsystems of public finances at clients (asset managers), natural persons or legal entities acting in the name or on behalf of clients (asset managers), and contracting parties responsible for or participating in the fulfilment of such contracts.

(6) The SAO shall, as part of its audits, evaluate compliance with the public finances accounting rules and the functioning of the internal control system of public finances.

(7) The SAO shall audit the final accounts on the implementation of the central budget. The audits carried out by the SAO in the framework of auditing the implementation of the central budget shall cover

a) final accounts on the implementation of the budget of social security funds and financial statements of social security funds,

b) final accounts on the implementation of the budget of separated state funds.

(8) The SAO shall audit the taxation- and other revenue-generating activities of the state tax authority and the local governments, as well as the activities of the customs authority.

(9) In the absence of law or statutory regulation, the frequency of audits to be carried out shall be determined by the President of the SAO.

(10)¹³ The SAO shall audit the financial management of the National Bank of Hungary and its non-core activities carried out pursuant to the provisions of the Act on the National Bank of Hungary. In this context, the SAO shall audit whether the National Bank of Hungary operates in accordance with legal regulations and its statutes.

(11) The SAO shall, in accordance with the provisions of the law and according to the aspects of legality, audit

a) the financial management of political parties,

b) the use of contributions disbursed by the National Assembly to parliamentary groups of political parties,

*c)*¹⁴ the use of support from the state budget granted for non-religious purposes to religious associations, or ecclesiastical legal entities or institutions established by them for educational, higher educational, healthcare, charitable, social, family, child and youth protection, cultural or sporting activities without legal personality according to the internal rules of the religious community having legal personality.

*d)*¹⁵ data on the use of the special operating budget for the national security services, and

¹² Established by: Article 3 of Act LXXIX of 2022. In force: from 1st January 2023.

¹³ Amended by: Article 15 a) of Act XXXVII of 2019.

¹⁴ Established by: Article 5 (1) of Act XLIX of 2021. In force: from 1st July 2021.

¹⁵ Established by: Article 5 (1) of Act XLIX of 2021. In force: from 1st July 2021.

e)¹⁶ associations and foundations specified in Act XLIX of 2021 on the Transparency of Non-Government Organisations Carrying out Activities Capable of Influencing Public Life.

(12) The law may limit the audit activity of the SAO to the examination of regularity aspects.

(12a)¹⁷ In the course of an audit performed by the SAO pursuant to paragraph (11) *e*) above, the measures as per Articles 31 and 33 shall not apply.

(13)¹⁸ The SAO may also prepare analyses and studies. The SAO shall prepare analyses and studies in connection with the duties of the President laid down in Article 13 (2) *l*), and shall make them available to the Fiscal Council of Hungary to support its activities.

Opinion on draft legislation

Article 6 (1) The President of the SAO shall participate in the preparation of legislation

a) concerning the legal status and competence of the SAO,

b) on the rules of operation of public finances and the internal audit of budgetary bodies, and

c) related to the accounting rules of the public finances.

(2) The draft legislation referred to in paragraph (1) shall be sent to the SAO for its opinion also during administrative consultations, setting an appropriate time limit.

Seat of the State Audit Office of Hungary

Article 7 (1) The seat of the SAO is located in Budapest.

(2)¹⁹ The SAO may operate audit offices located in the counties.

CHAPTER II

PERSONNEL OF THE STATE AUDIT OFFICE OF HUNGARY

Article 8²⁰ (1)²¹ The personnel of the SAO consists of the President, two Vice-Presidents, executive officers, auditors as well as employees falling within the scope of Act I of 2012 on the Labour Code (hereinafter: Labour Code).

(2) The rules concerning the organisation of the SAO and the internal order and manner of carrying out its duties shall be established by the President of the SAO in the Rules of Organisation and Operation, pursuant to the provisions of this Act.

President of the State Audit Office of Hungary

Article 9 (1)²² The President of the SAO shall be proposed by the parliamentary standing committee dealing with issues pertaining to the audit office.

(2) No person who has been a member of the Government or held an elected leadership position in the national (central) organisation of a political party in the previous four years shall be nominated as President of the SAO.

(3)²³

¹⁶ Enacted by: Article 5 (2) of Act XLIX of 2021. In force: from 1st July 2021.

¹⁷ Enacted by: Article 5 (3) of Act XLIX of 2021. In force: from 1st July 2021.

¹⁸ Enacted by: Article 10 of Act CXLI of 2012. In force: from 10th October 2012.

¹⁹ Established by: Article 4 of Act LXXIX of 2022. In force: from 1st January 2023.

²⁰ Established by: Article 1 of Act XXXVII of 2019. In force: from 12th April 2019.

²¹ Amended by: Article 45 a) of Act LXXXIV of 2021.

²² Established by: Article 10 of Act XVIII of 2022. In force: from 1st August 2022.

²³ Repealed by: Article 13 a) of Act XVIII of 2022. Repealed: from 1st August 2022.

(4) After being elected, the President of the SAO shall take his or her oath of office before the National Assembly.

(5) The President of the SAO may be re-elected at the end of his or her mandate. If he or she is not re-elected, the President of the SAO shall remain in office after the end of his or her term until the National Assembly elects a new President.

(6) For the purposes of entitlement to social security benefits, the President of the SAO shall be considered to be an insured person employed in a public service relationship, and his or her earnings shall be considered as income from non-independent activity, subject to contribution payments.

(7) The term of office of the President of the SAO shall be considered as a period of public service pensionable in public administration.

(8) The President of the SAO shall be entitled to an annual leave of forty working days in each calendar year.

(9)²⁴

Article 10 (1) The President of the SAO shall be entitled to the same immunity as a Member of the National Assembly.

(2)²⁵ Procedures relating to immunity shall be governed by the procedural rules related to the immunity of Members of the National Assembly. The National Assembly shall decide on the suspension of immunity, and the Speaker of the National Assembly shall take the necessary measures in the event of a violation of immunity.

Article 11²⁶ (1) The mandate of the President of the SAO shall be terminated:

- a) at the end of his or her term of office,
- b) upon reaching the age of 70 years,
- c) by resignation,
- d) declaration of conflict of interest,
- e) discharge,
- f) disqualification,
- g) upon death.

(2) Resignation by the President shall be communicated to the Speaker of the National Assembly in writing. The mandate of the President of the SAO shall be terminated on the day referred to in the letter of resignation.

(3)²⁷ The conflict of interest specified in Articles 18 (1) - (4) shall be established against the President of the SAO by the National Assembly upon recommendation by the parliamentary committee dealing with conflict of interest issues.

(4) The mandate may be terminated by discharge if the President of the SAO is unable to fulfil his or her duties for any reasons not attributable to them. Discharge procedure may be initiated by

the parliamentary committee dealing with issues of immunity, and the National Assembly shall decide on discharge.

(5) The National Assembly shall terminate the mandate by disqualification if the President of the SAO fails to fulfil his or her duties arising from his or her mandate for reasons attributable to him or her, or if he or she has committed a crime established in a final judgement. The disqualification procedure may be initiated by the parliamentary committee dealing with conflict of interest issues.

Article 12 (1) If the President has held this office for at least three years and his or her mandate is terminated due to expiry of the term of office, reaching the age of 70 years, resignation, discharge or

²⁴ Repealed by: Article 37 (4) of this Act. Repealed: from 1st January 2012.

²⁵ Established by: Article 90 (3) of Act XIV of 2014. In force: from the date of the constituent session of the National Assembly to be formed after the next general election of Members of the National Assembly, from 6th May 2014. See: Resolution 157/2014. (IV. 18.) KE of the President of the Republic.

²⁶ Established by: Article 90 (4) of Act XIV of 2014. In force: from the date of the constituent session of the National Assembly to be formed after the next general election of Members of the National Assembly, from 6th May 2014. See: Resolution 157/2014. (IV. 18.) KE of the President of the Republic.

²⁷ Amended by: Article 13 b) of Act XVIII of 2022.

death, he or she shall be entitled, within fifteen days of the termination of office, to a lump sum allowance equal to six months' remuneration – or, in the case of resignation, three months' remuneration –, which shall be an income subject to social security and health contribution, and – with the exception specified in paragraph (3) – health insurance and pension contribution.

(2) If the mandate of the President is terminated for the reasons specified in paragraph (1) earlier than three years, but he or she has held his or her position for at least one year, he or she shall be entitled to 50% of the allowance specified in paragraph (1).

(3) In the event of the death of the President, his widow or her widower, or failing that, his or her heir shall be entitled to the allowance. The allowance shall not be subject to health insurance or pension contributions.

For the purpose of determining the survivor's pension, this allowance shall not be taken into account as earnings serving as the basis for the average monthly salary.

(4)²⁸ If, the President receives an executive political or professional mandate after the termination of his or her post, he or she shall not be entitled to the allowance referred to in this Article from the day he takes office in relation to the new mandate, and he or she shall repay any amount already received on a pro rata temporis basis.

(5) The President shall not be entitled to severance pay, period of release or jubilee bonus.

(6) If the mandate of the President of the SAO is terminated, he or she shall be entitled to use a title referring to this mandate provided that it has been terminated for reasons other than pursuant to Articles 11 (1) *d*) or *f*).

Article 13 (1) The President shall be the head of the SAO. He or She shall ensure that the SAO performs its duties and activities in compliance with statutory provisions.

(2) The President of the SAO shall

a) issue the Rules of Organisation and Operation of the SAO,

b) determine the strategy and audit plan of the SAO and ensure that they are implemented,

c) draw up the annual budget proposal and final accounts for the chapter,

d) determine and publish the procedural rules and methods for the audits of the SAO,

e) ensure that the annual report of the SAO and the report on the central budget and its implementation (final accounts) are presented to the National Assembly,

f) ensure that the reports containing the findings of audits carried out at the request of the Government are sent to the Prime Minister,

g) attend the sessions of the National Assembly and its committees in an advisory capacity,

h) represent the SAO,

i)²⁹ exercise employer's rights in accordance with the Rules of Organisation and Operation, determine the system and criteria for performance appraisal of personnel and decide on the number of personnel within the framework of exercising his or her right to organisational restructuring,

j) verify the asset declarations of executive officers and auditors, and ensure that records are maintained,

k) may organise professional training as provided for in separate legislation,

l) shall perform his or her duties as a member of the Fiscal Council of Hungary, as provided for in a separate law,

m)³⁰ may issue recommendations,

n)³¹ may determine the rules for working from home and teleworking through regulation,

o)³² performs any other tasks assigned by law.

²⁸ Amended by: Article 124 of Act CIX of 2019.

²⁹ Established by: Article 2 of Act XXXVII of 2019. In force: from 12th April 2019.

³⁰ Established by: Article 5 of Act LXXIX of 2022. In force: from 1st January 2023.

³¹ Enacted by: Article 5 of Act LXXIX of 2022. In force: from 1st January 2023.

³² Enacted by: Article 5 of Act LXXIX of 2022. In force: from 1st January 2023.

Vice-Presidents of the State Audit Office of Hungary ³³

Article 14³⁴ (1)³⁵ The Vice-Presidents of the SAO shall be appointed by the President of the SAO for a period of twelve years.

(2) No person who has been a member of the Government or held an elected leadership position in the national (central) organisation of a political party in the previous four years shall be appointed as Vice-President of the SAO.

(3) After being appointed, the Vice-President of the SAO shall take his or her oath before the President upon entering office.

(4) The mandate of the Vice-President of the SAO shall be terminated:

- a)* at the end of the term of office,
- b)* upon reaching the age of 70 years,
- c)* by resignation,
- d)* declaration of conflict of interest,
- e)* discharge,
- f)* disqualification,
- g)* upon death.

(5) Resignation shall be communicated to the President of the SAO in writing. The mandate of the Vice-President shall be terminated on the day indicated in the resignation.

(6) Decisions on the declaration of conflict of interest regarding the Vice-Presidents of the SAO shall be made by the President.

(7) The President of the SAO may terminate the mandate of a Vice-President by discharge if the Vice-President is unable to fulfil his or her duties arising from his or her mandate for reasons beyond his or her control.

(8) The mandate shall be terminated by the President of the SAO by disqualification if the Vice-President fails to fulfil his or her duties arising from his or her mandate for reasons attributable to him or her, or if he or she has committed a crime established in a final judgement.

(9) For the purposes of entitlement to social security benefits, the Vice-President of the SAO shall be considered to be an insured person employed in a public service relationship, and his or her earnings shall be considered an income from non-independent activity, subject to contribution payments.

(10) The term of office of the Vice-President of the SAO shall be considered as a period of public service pensionable in public administration.

(11) The Vice-President of the SAO shall be entitled to an annual leave of forty working days in each calendar year.

(12) The provisions of Articles 12 (1)-(5) shall apply to the allowances payable in the event of termination of the mandate of the Vice-President with the provision that for the purposes of these provisions the term President shall mean Vice-President.

(13) If the mandate of the Vice-President of the SAO is terminated, he or she shall be entitled to use a title referring to this mandate provided that it has been terminated for reasons other than establishing a conflict of interest or disqualification.

(14)³⁶ If the President of the SAO is prevented from fulfilling his or her duties, the Vice-President designated by the President shall exercise the rights and carry out the duties of the President within the powers laid down in the Rules of Organisation and Operation of the SAO. Acting as a substitute, the designated Vice-President shall not be entitled to perform the duties laid down in Articles 13 (2) *a)*, *b)*, *d)* and *m)*, but shall be obliged to ensure the implementation of the determined audit plan and strategy. The

³³ Amended by: Article 45 b) of Act LXXXIV of 2021.

³⁴ Established by: Article 37 (5) of this Act. In force: from 1st January 2012.

³⁵ Amended by: Article 45 c) of Act LXXXIV of 2021.

³⁶ Established by: Article 6 of Act LXXIX of 2022. In force: from 1st January 2023.

designated Vice-President of the SAO may not act as a substitute for the President in the Fiscal Council of Hungary.

(15)³⁷ The duties of the Vice-Presidents shall be laid down in the Rules of Organisation and Operation of the SAO.

Auditors³⁸

Article 15 (1)³⁹ An auditor shall be a person holding a degree from higher education, who performs decision-making duties acting within the remit and powers of the SAO, or performs audit and audit support duties.

(1a)⁴⁰ The legal relationship between the SAO as employer and the auditor as employee shall be established by the auditor's public service contract.

(1b)⁴¹ The parties shall agree on the auditor's functions, place of work, classification and basic salary in a public service contract. The auditor's public service contract may also provide for other essential issues affecting the employment relationship. In matters not regulated in the auditor's public service contract, the provisions of this Act shall apply.

(1c)⁴² Exercising his or her non-delegable powers, the President of the SAO shall determine the categories of auditors, their specific functions, the amount of additional leave that may be granted by the employer, and the rules for performance appraisal.

(2)⁴³ Unless otherwise provided, the auditor's employment relationship shall be established for an indefinite period and full-time employment. The auditor's public service contract shall be drawn up in writing. The auditor's public service contract may only be amended by mutual agreement between the SAO and the auditor. The rules on the conclusion of the contract shall apply to any amendment of the content thereof.

(2a)-(2c)⁴⁴

(3)⁴⁵ The auditor's employment relationship may also be established for a definite period for the purpose of substitution, specific assignment, or performing internship duties. The duration of a fixed term employment relationship shall be determined by calendar or other appropriate means, linked, in particular, to a specific task, performance of duty, or the occurrence of an event.

(4)⁴⁶

(5)⁴⁷ The auditors shall provide proof of the data and facts required for the establishment and classification of an employment relationship, as well as the data and facts arising during the existence of and in connection with employment. The auditors shall present the certificates issued to them upon termination of their previous employment no later than the day of entering employment.

(6) Each auditor shall take an oath upon taking office.

(7)⁴⁸ The auditors shall participate in the performance of the duties of the SAO, carry out the tasks included in their job descriptions as well as any tasks related to the implementation thereof which are entrusted to them by their superiors.

³⁷ Amended by: Article 45 d) of Act LXXXIV of 2021.

³⁸ Established by: Article 3 of Act XXXVII of 2019. In force: from 12th April 2019.

³⁹ Amended by: Article 22 a) of Act LXXIX of 2022.

⁴⁰ Enacted by: Article 7 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁴¹ Enacted by: Article 7 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁴² Enacted by: Article 7 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁴³ Established by: Article 7 (2) of Act LXXIX of 2022. In force: from 1st January 2023.

⁴⁴ Repealed by: Article 23 b) of Act LXXIX of 2022. Repealed: from 1st January 2023.

⁴⁵ Established by: Article 7 (3) of Act LXXIX of 2022. In force: from 1st January 2023.

⁴⁶ Repealed by: Article 23 b) of Act LXXIX of 2022. Repealed: from 1st January 2023.

⁴⁷ Amended by: Article 22 b) of Act LXXIX of 2022.

⁴⁸ Established by: Article 7 (4) of Act LXXIX of 2022. In force: from 1st January 2023.

(8)⁴⁹ The auditors shall perform their duties in accordance with the legislation in force, committed to the public interest expressed in the democratic institutions of the state governed by the rule of law. The auditors shall carry out their duties accurately, by setting a professional example in full compliance with the provisions of the law, and fulfilling their obligations as citizens, worthy of their profession in their private life as well.

Article 16⁵⁰

Executive and advisory positions

Article 17 (1)⁵¹ The President of the SAO may issue executive and advisory mandates.

(2)⁵² The executive and advisory mandates may be withdrawn at any time without justification. The withdrawal of an executive or advisory mandate shall not affect the auditor's legal relationship.

(3) The powers and duties of the executive officers of the SAO shall be laid down in the Rules of Organisation and Operation.

(4)⁵³

(5)⁵⁴ The amount of the executive and advisory allowances shall be determined by the President of the SAO through regulation.

Conflict of interest⁵⁵

Article 18⁵⁶ (1) The office of President, Vice-President, executive officer or auditor of the SAO shall be incompatible with any office held in an organisation receiving support from one of the subsystems of public finances.

(2) The President, and the Vice-Presidents, executive officers and auditors of the SAO may not be members of the National Assembly or a local representative body during their employment at the SAO.

(3) The President, and the Vice-Presidents, executive officers and auditors of the SAO may not perform any other duties, engage in any other gainful employment or accept remuneration for any other activity with the exception of academic, teaching, artistic, proofreading, editorial or intellectual activities protected by law, or foster care employment.

(4) The President, and the Vice-Presidents, executive officers and auditors of the SAO may not be relatives – within the meaning of Act CXCIX of 2011 on Civil Servants (hereinafter: Act on Civil Servants) – of any official or member of the Government or the audit committee of the National Assembly.

(5) The President, and the Vice-Presidents, executive officers and auditors of the SAO may not have an executive (supervisory), auditing or accounting relationship with a relative within the meaning of the Act on Civil Servants during their term of employment.

(6) If there is a conflict of interest in relation to the President, or a Vice-President, executive officer or auditor of the SAO, he or she shall eliminate it within ten days of his or her election or the establishment of the employment relationship, or – if the conflict of interest arises later – within ten days after it has arisen. Until such time, he or she may not exercise his or her powers or perform his or her duties.

(7) In the case of an executive officer or auditor, any conflict of interest shall be established by the President.

⁴⁹ Amended by: Article 16 a) of Act XXXVII of 2019.

⁵⁰ Repealed by: Article 23 c) of Act LXXIX of 2022. Repealed: from 1st January 2023.

⁵¹ Established by: Article 8 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁵² Established by: Article 8 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁵³ Repealed by: Article 23 d) of Act LXXIX of 2022. Repealed: from 1st January 2023.

⁵⁴ Enacted by: Article 8 (2) of Act LXXIX of 2022. In force: from 1st January 2023.

⁵⁵ Established by: Article 9 of Act LXXIX of 2022. In force: from 1st January 2023.

⁵⁶ Established by: Article 9 of Act LXXIX of 2022. In force: from 1st January 2023.

(8) The rules on conflict of interest defined in this Article for auditors shall also apply to experts invited by the SAO to participate in audits and to other contributors employed with a contract of engagement, and paragraphs (4) and (5) shall also apply to employees falling within the scope of the Labour Code.

(9) The SAO shall, in its capacity as employer, closely monitor that the employees belonging to its personnel comply with all legal and ethical requirements governing their legal relationships, and it shall, in connection with the performance of their duties, prevent, detect and remedy any situation that may be considered as an objective conflict of interest (hereinafter together: investigation objectives), the system and criteria of which shall be determined by the President of the SAO.

(10) With regard to investigations carried out in accordance with paragraph (9), the right of data subjects to data protection information may be limited, provided that it may endanger or significantly hinder the achievement of the objectives of the investigation and such limitations are necessary to achieve those objectives.

(11) For the purposes of paragraph (10), a conflict of interest shall arise in particular where the impartial and objective performance of a duty is impaired due to reasons of commitment, economic interest or any other direct or indirect personal interest.

Declaration of assets

Article 19⁵⁷ (1) The President of the SAO shall make a declaration of assets within thirty days of his or her election, and the Vice-Presidents within thirty days of appointment. The rules for the declaration of assets of Members of the National Assembly shall apply to asset declarations *mutatis mutandis*.

(2)⁵⁸ The executive officers and auditors of the SAO shall, according to the rules for civil servants, make a declaration of assets upon establishment of their employment relationship and, thereafter, executive officers shall make a declaration of assets every year and auditors shall make a declaration of assets every two years. The asset declarations provided by executive officers and auditors shall not be public.

(3) In the case of executive officers and auditors of the SAO, the rules applicable to civil servants shall, in the absence of a different rule, apply to the custody and control of asset declarations, failure to meet the obligation of asset declaration, and the disclosure of asset declarations with intentionally false contents.

Remuneration and allowances granted to the President, Vice-Presidents, executive officers and auditors of the State Audit Office of Hungary ⁵⁹

Article 20 (1)⁶⁰ The monthly salary of the President of the SAO for the period from 1st March of the year concerned to the end of February of the following year shall be twelve times the average monthly gross salary in the national economy for the preceding year, as officially published by the Hungarian Central Statistical Office. In other respects, the President of the SAO shall be entitled to the allowances received by Ministers.

(2)⁶¹ The monthly salary of the Vice-Presidents of the SAO for the period from 1st March of the year concerned to the end of February of the following year shall be ten and a half times the average monthly gross salary in the national economy for the preceding year, as officially published by the Hungarian Central Statistical Office. In other respects, the Vice-Presidents of the SAO shall be entitled to the allowances received by State Secretaries.

⁵⁷ Established by: Article 11 of Act XVIII of 2022. In force: from 1st August 2022.

⁵⁸ Amended by: Article 22 c) of Act LXXIX of 2022.

⁵⁹ Amended by: Article 45 c) of Act LXXXIV of 2021.

⁶⁰ Amended by: Article 15 d) of Act XXXVII of 2019.

⁶¹ Amended by: Article 15 e) of Act XXXVII of 2019, Articles 45 d) and 45 e) of Act LXXXIV of 2021, Article 22 d) of Act LXXIX of 2022.

Article 21⁶² Exercising his or her non-delegable powers, the President of the SAO may increase the basic salary of auditors by a maximum of 60%, or reduce it by no more than 10% for a fixed period of time, depending on the evaluation of their work, within the appropriation established for personnel.

Other provisions concerning the personnel of the State Audit Office of Hungary ⁶³

Article 21/A⁶⁴ (1) In matters not regulated by this Act, the following provisions shall apply, *mutatis mutandis*, to the employment relationship of executive officers and auditors of the SAO:

*a)*⁶⁵ of the provisions of the Act on Civil Servants, Points 2, 3, 7a-12, 15a, 16, 20a, 23, 25, 26, and 31a of Article 6; Article 7; Paragraphs (2) and (3) of Article 9; Paragraphs (1), (3), and (4) of Article 10; Paragraphs (1)-(4) of Article 11; Articles 12 and 13; Paragraphs (2) and (3) of Article 14; Articles 15-25; Points a) and b), and Point c) of Article 39 (1) with the difference that an auditor's employment relationship may only be established and maintained with persons holding degrees from higher education; Paragraphs (4)-(4b) of Article 39; Paragraphs (1) and (3), Points *a)* and *b)* of Paragraph (4), and Paragraphs (6) and (7) of Article 42; Paragraphs (4)-(6) of Article 43; Articles 44, 46, 49, and 50; Paragraphs (2), (6) and (7) of Article 51; Paragraphs (1), (3), (5), and (6) of Article 54, with the difference that they may apply only to postings to a foreign country; Article 59; Points *a)-c)*, *e)-h)*, and *j)* of Paragraph (1), and Paragraphs (2), (3), (6), (7) and (10) of Article 60; Article 61; Paragraph (1), Points *a)-c)* and *e)-i)* of Paragraph (2), and Paragraphs (2a)-(7) of Article 63; Paragraphs (1)-(3) and (5) of Article 64; Articles 64/A, 66-71, and 74; Points *a)*, *b)* and *d)-j)* of Paragraph (1), and Paragraphs (2)-(4) of Article 75; Articles 76, and 78-79; Paragraphs (1), (2b) and (3)-(5) of Article 80; Articles 81-82; Paragraphs (1) and (2) of Article 83; Article 83/A; Paragraph (1) of Article 84; Paragraph (3) and Points *a)* and *b)* of Paragraph (4) of Article 85; Articles 89-100; Paragraphs (1) and (2) of Article 101; Articles 102-107 and 109-115; Paragraph (1) of Article 130; Paragraphs (1) and (5) of Article 131; Article 143; Paragraphs (2)-(4) of Article 144; Articles 145-149, 149/A, 150-154, 160-164, and 166; Paragraphs (1)-(5) of Article 167; Articles 168-177; Points *a)-h)* of Article 179; Points *a)-c)*, *f)*, *g)*, *i)*, and *j)* of Paragraph (1), and Paragraph (2) of Article 180; Articles 183/C, 184, and 192; Points *a)*, *d)* and *e)* of Paragraph (1), and Paragraphs (2)-(6) of Article 193; Articles 194, and 195-202; Paragraphs (1)-(4) of Article 238; and Annexes 2 and 5, with the proviso that where the Act on Civil Servants provides for an instrument of appointment, it shall be understood to mean an auditor's public service contract; and *b)* of the provisions of the Labour Code, Paragraphs (2)-(3) of Article 20; Paragraphs (1)-(2) of Article 78; and Articles 79 and 177.

(2) As to the legal relationship of employees, the provisions of the Labour Code shall apply *mutatis mutandis*.

External experts

Article 22 (1)⁶⁶ The SAO may use external experts to carry out audits, make findings, and provide opinions.

(2) Any persons or organisations with appropriate professional competence may be entrusted to carry out tasks as experts.

(3) The provisions on the responsibilities, rights and obligations of auditors [Articles 15 (7)-(8)] and those of the rules of auditing (Chapter III) shall also apply to experts.

⁶² Established by: Article 10 of Act LXXIX of 2022. In force: from 1st January 2023.

⁶³ Enacted by: Article 8 of Act XXXVII of 2019. In force: from 12th April 2019.

⁶⁴ Enacted by: Article 9 of Act XXXVII of 2019. In force: from 12th April 2019.

⁶⁵ Established by: Article 11 of Act LXXIX of 2022. In force: from 1st January 2023.

⁶⁶ Amended by: Article 16 c) of Act XXXVII of 2019.

(4) The experts shall be responsible for their findings and opinions to the SAO engaging them.

CHAPTER III

RULES OF AUDITING

General rules of auditing

Article 23 (1) The SAO shall develop its own professional rules and methods of auditing, and shall publish the established rules.

(2) The SAO, on the basis of information sent to it under statutory obligation, or any notifications, signals or other documents received for informational purposes,

a) may conduct audits,

b) may initiate procedures for legal remedy subject to authorisation under a separate law,

c) shall, in accordance with Article 27 (7), inform the competent public body, entitled to implement proceedings or action, of the data or facts that have come to its attention,

d) shall utilise the data and facts that have come to its attention in the framework of its ongoing audits or audit planning procedures.

Statute of limitations on audits⁶⁷

Article 23/A⁶⁸ In the case of an organisation where the grant received provides the legal basis for conducting an audit, the SAO may conduct an audit for five years following the calendar year in which the grant was used. The provisions on grants are laid down in Article 1 (19) of Act CXCV of 2011 on Public Finances.

Requirements for auditing

Article 24 (1) Audits shall satisfy the following requirements:

a) all audits shall be planned carefully and in detail,

b) audits shall be conducted in accordance with the legal regulations, the relevant audit programme, the professional rules and methods, and the ethical standards of auditing,

c) the persons conducting audits shall have the necessary knowledge and experience to properly carry out the audit tasks,

d) the audit results and findings shall be substantiated, and the conclusions shall be reasonable and well-founded,

e) all audits shall be conducted efficiently and effectively.

(2) In order to meet the requirements for audits, the SAO shall have quality assurance procedures in place.

(3)⁶⁹ An audit shall commence upon delivery of a notification thereof or, failing this, upon delivery of an engagement letter or a copy thereof. Such notification may be omitted if it would endanger the effective conduct of the audit.

⁶⁷ Enacted by: Article 12 of Act LXXIX of 2022. In force: from 1st January 2023.

⁶⁸ Enacted by: Article 12 of Act LXXIX of 2022. In force: from 1st January 2023.

⁶⁹ Enacted by: Article 13 of Act LXXIX of 2022. In force: from 1st January 2023.

Rights and obligations of the auditors conducting audits

Article 25⁷⁰ (1) The auditors shall conduct audits in accordance with their audit assignments. If there is an on-site audit, the auditors shall, at the start of the audit, present their engagement letters to the head of the audited entity and provide credible proof of identity.

(2) The auditors shall conduct their audit tasks in accordance with the legal regulations, the professional rules and methods, and the ethical standards of auditing.

(3)⁷¹ If it is justified for the purpose of establishing the credibility, substantiation and completeness of the documents, data, and information provided, or for substantiating or completing certain audit findings, the auditors may, for the purpose of examining the related facts, request data, documentation and information from other organisations (hereinafter: organisation supporting the audit), and conduct an audit at such relevant organisations as well. The organisation supporting the audit may refuse to comply with the request only if it conflicts with legal regulations. The organisation supporting the audit shall be obliged to fulfil the request within 8 days of receipt or to notify the SAO of any legal obstacle of fulfilment.

(4) The persons conducting audits on behalf of the SAO shall be responsible for

- a) performing the audit assignment in accordance with the provisions of the audit programme,
- b) ensuring that all relevant facts are established, revealed and recorded in writing within the scope determined by the audit programme,
- c) the relevance of findings and their data-based foundation.

(5) The audit managers shall be responsible for

- a) the preparation of the audit, the coordination of the audit tasks and the successful completion thereof,
- b) the preparation of a draft report summarising the experience of the audit based on written findings of the auditors and available documents,
- c) the authenticity and relevance of the data and factual findings of the draft report prepared.

Rules on conflict of interest related to auditing

Article 26 (1) No person shall participate in an audit who:

- a) was an employee of the audited entity in the three calendar years preceding the adoption of the specific audit plan or during the period covered by the audit,
- b) had a regular or long-term employment or business relationship with the audited entity in the three calendar years preceding the start of the audit or during the period covered by the audit,
- c) is engaged in any other legitimate activity at the audited entity or was engaged in such activities in the audited period;
- d)⁷² is a relative of the head of the audited entity, as specified in the Act on Civil Servants.
- e) for other reasons, may not be expected to conduct the audit in an objective manner.

(2) The person conducting an audit shall notify the manager responsible for implementation if there is a reason for conflict of interest. Anyone may report a conflict of interest. The manager, responsible for conducting the audit, shall decide on the issue within eight days of notification.

Access to data, data processing and purpose-based use of data⁷³

Article 27 (1) During an audit, the auditor conducting the audit may inspect documents and data files in the data registration systems managed by IT devices, and may make copies of or extracts from them

⁷⁰ Established by: Article 10 of Act XXXVII of 2019. In force: from 12th April 2019.

⁷¹ Amended by: Article 22 e) of Act LXXIX of 2022.

⁷² Established by: Article 22 (5) of Act V of 2012. Amended by: Article 15 f) of Act XXXVII of 2019.

⁷³ Established by: Article 14 of Act LXXIX of 2022. In force: from 1st January 2023.

even if they contain classified data or other secrets protected by law. However, the auditor may take original copies of documents and data files on original data carriers – by making a copy and handing over an acknowledgment of receipt – only if the initiation of criminal or disciplinary proceedings is justified and it is feared that such documents or data will be altered or destroyed.

(2) During the audit, the SAO and the auditor conducting the audit on its behalf may – in order to conduct the audit – look into documents and data registers containing personal data, and may receive and process them – with the exceptions specified in paragraphs (3) and (4) – for the purpose of conducting the audit.

(3)⁷⁴ The SAO and the auditor conducting the audit on its behalf may, in the course of the audit, handle sensitive data and criminal personal data, but – with the exception of health data and criminal personal data – they shall have the right only to inspect them.

(4)⁷⁵ No personal data shall be received relating to persons who are included in the data registration systems affected by the audit, albeit who are not concerned with the audited activity and whose personal data are not necessary for conducting the audit.

(5)⁷⁶ The data and information obtained about the audited entity or its employees or officials during the audit shall not be used for purposes other than preparing reports, analyses or studies pursuant to Article 5 (13), or data analyses pursuant to Article 4 (1) *b*) of Act XCI of 2021 on National Data Assets (hereinafter: National Data Assets Act, NDAA). The data with a specific use stipulated in this paragraph shall be made available to the National Data Asset Management Agency for the purpose of re-use for data analyses on the basis of request for information services pursuant to the NDAA in the event that – in the absence of grounds for refusal laid down in Articles 7 (5) *a*) and *c*) of the NDAA. – the disclosure of data does not adversely affect the purpose of the audit and does not violate or endanger the institutional independence of the SAO. Except for the provision of data to other organisations as required by law, the persons belonging to the personnel of the SAO shall be obliged to keep and preserve any personal data and other secrets protected by law which they have become aware of in connection with, and carrying out, the activities of the SAO during the term of employment and upon termination thereof, and shall not disclose them to third parties without special authorisation or use them outside their duties.

(6)⁷⁷ The SAO may process notifications of public interest received, as well as information and other documents sent to it under statutory obligation, and non-sensitive personal, health and criminal personal data they contained.

(7)⁷⁸ The SAO may transfer personal data obtained in accordance with paragraphs (2)-(6) for the purpose of initiating criminal or disciplinary proceedings, fulfilling a request from an investigative authority, or conducting legal proceedings, and may transfer health data and criminal personal data only for the purpose of initiating criminal proceedings, or fulfilling data requests from a court, a prosecutor's office or an investigative authority.

(8)⁷⁹ The SAO may process personal data obtained pursuant to paragraphs (2)-(6) for five years from the start of data processing, and may process health data and criminal personal data for three years from the start of data processing, but at the latest until the final conclusion of disciplinary proceedings, or until the conclusion of criminal proceedings by a final conclusive decision or a final non-conclusive order by a court, or until the prosecution or investigative authority makes a decision terminating the proceedings, which cannot be challenged by further legal remedy.

⁷⁴ Amended by: Article 397 a) of Act CCI of 2011 and Article 86 a) of Act XXXIV of 2011.

⁷⁵ Amended by: Article 86 b) of Act XXXIV of 2019.

⁷⁶ Established by: Article 15 of Act LXXIX of 2022. In force: from 1st January 2023.

⁷⁷ Amended by: Article 397 b) of Act CCI of 2011 and Article 86 c) of Act XXXIV of 2019.

⁷⁸ Amended by: Article 397 b) of Act CCI of 2011 and Article 86 d) of Act XXXIV of 2019.

⁷⁹ Amended by: Article 397 b) of Act CCI of 2011 and Article 86 e) of Act XXXIV of 2019.

Obligation to cooperate

Article 28 (1)⁸⁰ The organisations that are audited, or may be audited under law (hereinafter, collectively: audited entities), and their employees shall be obliged to cooperate in order for the SAO to plan and conduct its audits. The obligation to cooperate for audited entities and their employees shall include the obligations stipulated in paragraphs (2), (3), and (7), as well as Articles 31 and 33 (1).

(2)⁸¹ The organisation requested to cooperate shall be obliged to make available the data and documents necessary for the planning, specification and conduct of the audit, as well as to provide the related information within the deadline established by the SAO for providing such data, which shall be minimum 5 working days.

(2a)⁸² In order to ensure the fulfilment of data provision, the SAO may request the organisation requested to cooperate to provide any missing information. In justified cases, the SAO may request extraordinary data provision from the organisation called on to cooperate.

(3) During an on-site audit, the audited entity and its employees shall grant the auditor access to the organisation's premises as well as to its paper-based and digital registration systems for inspection, allow the preparation of copies and extracts, and provide the requested information.

(4)⁸³ Communication between the SAO, the organisation obliged to cooperate and the organisation supporting the audit shall be primarily maintained by electronic means. The SAO may use services regulated under Act CCXXII of 2015 on the General Rules on Electronic Administration and Trust Services or central electronic administration services.

(5) If the organisation required to cooperate or its personnel fails to fulfil the obligation to cooperate without a well-founded reason or be delayed in doing so, the SAO shall act in accordance with the rules applicable in the case of non-compliance with the obligation to take action [Article 33 (3)].

(6)⁸⁴ The provisions relating to the obligation to cooperate laid down in paragraphs (1) and (2) shall apply to any organisations and their employees contacted in order to prepare and perform the analytical activities of the SAO according to Article 5 (13), and to any data obtained or made available in the process with the proviso that, in connection with the analytical activities, the measures stipulated in paragraph (3) and Articles 31, 31/A, and 33 shall not apply.

(7)⁸⁵ In connection with the exercise of its powers, in order to plan, prepare and conduct its audits, and taking into account the provisions of Article 27, the SAO shall have direct access to, and be able to use data from the registers and databases of the state and local governments that contain data of public interest and data public on grounds of public interest as defined in the Act on the Right of Informational Self-Determination and Freedom of Information (hereinafter collectively: public data). The public service entities that maintain registers and databases containing public data (hereinafter: organisation called upon for data access) shall be obliged, following a call from the SAO, to provide direct access to data as specified, free of charge. Such direct access shall not result in access to data containing classified information. If the provision of direct access would also result in access to personal data that are otherwise not publicly available and there is no public interest, or to other data containing secrets protected by law, the SAO may, in order to ensure access to such data, enter into an agreement with the organisation called upon for data access or other organisations (hereinafter: data access agreement), in which the parties shall, without departure from the requirements laid down in Article 27, stipulate the detailed rules for ensuring data protection requirements and the conditions of access to data. The parties shall publish the data access agreement on their websites.

⁸⁰ Established by: Article 16 (1) of Act LXXIX of 2022. In force: from 1st January 2023.

⁸¹ Established by: Article 16 (2) of Act LXXIX of 2022. In force: from 1st January 2023.

⁸² Enacted by: Article 16 (2) of Act LXXIX of 2022. In force: from 1st January 2023.

⁸³ Established by: Article 12 of Act XXXVII of 2019. In force: from 12th April 2019.

⁸⁴ Enacted by: Article 16 (3) of Act LXXIX of 2022. In force: from 1st January 2023.

⁸⁵ Enacted by: Article 16 (3) of Act LXXIX of 2022. In force: from 1st January 2023.

(8)⁸⁶ For the purposes of paragraph 7, access to data shall be deemed to include the provision of access through an electronic information system ensuring direct data transfer, and the provision of data in response to a request without providing access through an electronic information system ensuring direct data transfer.

Right to comment

Article 29 (1) The SAO shall send its audit findings to the head of the audited entity or the person entrusted by it, and to anyone whose personal responsibility has been established.

(2) The head of the audited entity and the designated responsible person may comment on the audit findings in writing within fifteen days.

(3) The SAO shall respond to the comment in writing within thirty days of receipt. It shall indicate in the report any comments that have not been taken into account and give reasons for not accepting them.

Initiating criminal proceedings and other liability proceedings

Article 30 (1) If the SAO establishes suspicion of a crime during its audit, it shall communicate its findings to the competent authority immediately. In the case of other unlawful acts, it may initiate a procedure for the clarification and enforcement of liability. Unless otherwise provided by law, the contacted organisation shall be obliged to inform the SAO of its position regarding the initiation of proceedings within sixty days, and of the result of the procedure within thirty days upon completion.

(2) The person conducting the audit on behalf of the SAO shall explain its findings in writing to the person identified as responsible during the audit and request a written explanation from him or her. The designated person shall provide a written explanation within fifteen days, and the person conducting the audit shall make a written statement about its acceptance or rejection within thirty days.

Call for action and asset preservation measures⁸⁷

Article 31⁸⁸ The President of the SAO may call the head of the audited entity to act in order to eliminate any unlawful practice or improper or wasteful use of assets revealed during the audit, unless the law provides for more severe legal sanctions. The head of the entity shall review the content of the call for action within fifteen days, or a board at its next meeting, and shall take appropriate action and notify the President of the SAO accordingly.

Article 31/A⁸⁹ (1) If the audit reveals improper or wasteful use of assets or the risk thereof, or if it establishes damage or risk thereof caused by the audited entity in serious violation of the rules for managing funds, the President of the SAO may, in order to prevent or mitigate the damage, contact the competent authority or organisation (hereinafter: authority) to

- a) block the appropriation, except for the payment of wages,
- b) suspend the disbursement of support from a subsystem of public finances,
- c) suspend the possibility of receiving a share of donations from 1% of personal income tax, and
- d) order the seizure of assets owned or managed by the audited entity that belong to general government assets if there is a suspicion of a crime committed.

(2) In the cases specified in paragraph (1), the contacted authority shall be obliged to take the necessary measures and notify the President of the SAO in writing within fifteen days.

(3) If it is no longer necessary to maintain the measure taken pursuant to paragraph (1), the President of the SAO shall notify the authority accordingly.

⁸⁶ Enacted by: Article 16 (3) of Act LXXIX of 2022. In force: from 1st January 2023.

⁸⁷ Established by: Article 17 of Act LXXIX of 2022. In force: from 1st January 2023.

⁸⁸ Established by: Article 17 of Act LXXIX of 2022. In force: from 1st January 2023.

⁸⁹ Enacted by: Article 17 of Act LXXIX of 2022. In force: from 1st January 2023.

Audit report and disclosure

Article 32 (1) The SAO shall prepare a report on every audit it conducts. The report shall contain any revealed facts, and the findings and conclusions based on them.

(2) The reports submitted to the National Assembly, and those on audits carried out at the request of the Government shall be signed by the President of the SAO. The President shall be responsible for the authenticity and correctness of the data and findings set out in the reports signed by him or her. The rules on responsibility for and right to issue any other reports shall be defined by the President in the Rules of Organisation and Operation.

(3)⁹⁰ The reports of the SAO shall be public. Disclosure may be limited by law in order to protect classified data. The published reports shall not contain classified data or other secrets protected by law.

(4)⁹¹ The name of the audited private individual or the head of the audited legal entity, and any personal data linked to the activity inspected during the audit – with the exception of sensitive data – shall be data public on grounds of public interest and may be disclosed in the report or otherwise made available.

(5)⁹² The SAO may discuss the revealed facts, and the findings and conclusions based on them, in a closing discussion with the head of the audited entity or the person entrusted by him or her.

(6)⁹³ The concerned mayor, chairman of the county general assembly or chairman of the national minority self-government shall make the report related to the local government or self-government known to the body of representatives, the general assembly, or the body of the national minority self-government.

Obligation of the audited entity to take action

Article 33 (1) The SAO shall send its report containing its audit findings to the head of the audited entity. The head of the audited entity shall draw up an action plan related to the findings contained in the report and send it to the SAO within thirty days of receiving the report.

(2) If the measures included in the action plan are incomplete or not acceptable for other reasons, the SAO shall return the action plan to the head of the audited entity for correction and completion, providing an explanation and setting an additional deadline of fifteen working days, or if a board decision is necessary five working days after the next board meeting, and shall, at the same time, notify the person or organisation performing internal audits.

(3) If the head of the audited entity fails to submit the action plan within the deadline, or the submitted action plan is still not acceptable, the President of the SAO may

a) initiate criminal or disciplinary proceedings against the head of the audited entity;

b) initiate before the competent authority or organisation suspension of the disbursement of support or other grant from a subsystem of public finances, or suspension of the possibility of receiving a share of donations from 1% of personal income tax.

(4) In the cases specified in paragraph (3), the contacted competent person or organisation shall be obliged to act and notify the President of the SAO in writing within thirty days.

(5) If the head of the audited entity has subsequently fulfilled his or her obligation to take action, the SAO shall notify the authority specified in paragraph (3) *b)* and initiate revocation of the suspension of support, grant or share accordingly.

(6)⁹⁴

(7) The SAO may audit the implementation of the action plan as part of a follow-up audit.

⁹⁰ Amended: under Article 15 g) of Act XXXVII of 2019.

⁹¹ Amended by: Article 397 b) of Act CCI of 2011 and Article 86 f) of Act XXXIV of 2019.

⁹² Established by: Article 18 of Act LXXIX of 2022. In force: from 1st January 2023.

⁹³ Amended by: Article 230 c) of Act CLXXIX of 2011 and Article 127 (2) of Act XXII of 2022.

⁹⁴ Repealed by: Article 23 e) of Act LXXIX of 2022. Repealed: from 1st January 2023.

(8) If the actions listed in paragraph (3) do not lead to any result, or if taking such actions is not possible, or the nature or gravity of the case otherwise justifies it, the President of the SAO may initiate that the competent committee of the National Assembly discuss the report and its findings and hear the head of the audited entity.

Advisory opinion⁹⁵

Article 33/A⁹⁶ (1) At the request of a proprietary body, governing body, owner or founder, the SAO may conduct an advisory audit on the specified issues.

(2) The SAO may prepare an advisory opinion on the results of the audit indicated in paragraph (1), which shall be sent to the head of the audited entity.

Recommendations of the President of the State Audit Office of Hungary⁹⁷

Article 33/B⁹⁸ (1) In the case of requests with the same or similar subject matters affecting the remit and powers of the SAO, the President may, in order to promote voluntary compliance, issue a recommendation that facilitates the uniform application of law and has no binding force or legal effect.

(2) The recommendation issued by the President of the SAO in accordance with paragraph (1) shall be communicated to the initiator of the request. The recommendation shall be published on the website of the SAO.

CHAPTER IV

FINAL PROVISIONS

Provisions on Entry into Force

Article 34 (1) This Act shall, with the exceptions set out in paragraph (2), enter into force on 1st July 2011.

(2) Article 36 (1) and Article 37 shall enter into force on 1st January 2012.

Compliance with the requirement of the Fundamental Law on cardinality⁹⁹

Article 34/A¹⁰⁰ This Act shall qualify as cardinal pursuant to Article 43 (4) of the Fundamental Law.

Transitional provisions

Article 35 (1)-(4)¹⁰¹

(5)¹⁰² For persons having a civil servant or civil service administrative status with the SAO on 30th April 2019, such legal relationship shall be converted into an employment relationship as of 1st May 2019. In the case of full-time employment, the legal relationship shall be converted into a full-time employment relationship, and in the case of part-time employment into a part-time employment

⁹⁵ Enacted by: Article 19 of Act LXXIX of 2022. In force: from 1st January 2023.

⁹⁶ Enacted by: Article 19 of Act LXXIX of 2022. In force: from 1st January 2023.

⁹⁷ Enacted by: Article 20 of Act LXXIX of 2022. In force: from 1st January 2023.

⁹⁸ Enacted by: Article 20 of Act LXXIX of 2022. In force: from 1st January 2023.

⁹⁹ Enacted by: Article 37 (6) of this Act. In force: from 1st January 2012.

¹⁰⁰ Enacted by: Article 37 (6) of this Act. In force: from 1st January 2012.

¹⁰¹ Repealed by: Article 23 f) of Act LXXIX of 2022. Repealed: from 1st January 2023.

¹⁰² Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

relationship. The length of the probationary period stipulated for civil servant and civil service administrative positions with the SAO existing on 30th April 2019 shall remain unchanged after the legal relationship is converted into an employment relationship, with the proviso that the end date of the probationary period shall be no later than 31st August 2019.

(6)¹⁰³ From 1st May 2019, the salary of a person defined in paragraph (5) shall not be less than the salary payable to such person according to his or her classification under the Act on Civil Servants on 30th April 2019 – disregarding any salary increase/decrease – together with the allowances due under the Act on Civil Servants.

(7)¹⁰⁴ If an employee fails to sign his or her employment contract within eight working days after receiving it in accordance with paragraphs (5)-(6), his or her employment shall be terminated according to the rules of the Labour Code on termination by the employer, with the proviso that the notice period shall begin on the ninth day after receipt of the employment contract, unless the delay was due to a reason beyond control of the employee.

(8)¹⁰⁵ At the SAO, the duration of a legal relationship as a civil servant or civil service administrator according to paragraph (5) – including other periods of employment previously recognized as continuous in relation to the employment relationship – shall, upon transformation of the legal relationship, be recognized, and taken into account, as time spent in an employment relationship with the SAO.

(9)¹⁰⁶ The persons employed by the SAO as civil servants or civil service administrators on 30th April 2019 shall, upon transformation of the employment relationship, invariably be entitled to the full amount of fringe benefits, in accordance with the provisions of internal regulations.

(10)¹⁰⁷ As of 1st May 2019, auditors shall be classified into one of the categories established by Act LXVI of 2011 on the SAO and Act XXXVII of 2019 on the Amendment of Act CXCIX of 2011 on Civil Servants (hereinafter: Amendment Act).

(11)¹⁰⁸ The auditors may, in connection with the provisions of the Amendment Act affecting their employment relationships, and within four working days after the entry into force of the Amendment Act, request their discharge in writing, specifying the reason for the discharge. In the event of acceptance of the request by the person exercising employer's rights, Article 15 (2c), as established by the Amendment Act, shall apply *mutatis mutandis*.

(12)¹⁰⁹ Articles 8 (1), 14 (1), (14), (15), 19 (1), 19 (2) and 20 (2) of this Act, as established by Act LXXXIV of 2021 on the Amendment of Certain Laws Concerning Asset Management in order to Ensure the Sustainable Executive of State Assets and Other Provisions on Asset Management (hereinafter: Amendment Act 2) shall not affect the appointment of the Vice-President in office on the date of the entry into force of the Amendment Act 2.

Article 35/A¹¹⁰ (1) The President and the Vice-Presidents of the SAO shall declare their assets no later than on 5th August 2022 in accordance with the status as at the date of making the declaration of assets, by applying Article 19 (1) of this Act, as established under Act XVIII of 2022 on the Amendment of Act XXXVI of 2012 on the National Assembly and certain related laws.

(2) Any asset declarations made by the spouses, partners or children of the President or the Vice-Presidents of the SAO living in the same household with them, and held by the person handling the asset declarations on the day of the entry into force of Act XVIII of 2022 on the Amendment of Act XXXVI of 2012 on the National Assembly and certain related laws, shall be kept by the person handling these asset declarations until 1st August 2023.

¹⁰³ Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

¹⁰⁴ Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

¹⁰⁵ Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

¹⁰⁶ Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

¹⁰⁷ Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

¹⁰⁸ Enacted by: Article 14 of Act XXXVII of 2019. In force: from 12th April 2019.

¹⁰⁹ Enacted by: Article 44 of Act LXXXIV of 2021. In force: from 2nd July 2021.

¹¹⁰ Enacted by: Article 12 of Act XVIII of 2022. In force: from 1st August 2022.

(3) In proceedings related to asset declarations ongoing on the day of the entry into force of Act XVIII of 2022 on the Amendment of Act XXXVI of 2012 on the National Assembly and certain related laws, the rules in force on the day of the commencement of such proceedings shall apply.

Article 35/B¹¹¹ (1) The President and the Vice Presidents of the SAO shall, in accordance with the provisions established under Act XXXI of 2022 on the Amendment of Certain Laws relating to the Control of the Use of European Union Budget Resources and Connected to the Declaration of Assets, and with the content and in the format as established under Act LVI of 2022 on the Amendment of Certain Laws at the Request of the European Commission for the Successful Conclusion of the Conditionality Procedure, declare their assets first – according to the status as at 1st November 2022 – no later than on 31st January 2023, to which they shall also attach the asset declarations of their spouses, partners and children living in the same household.

(2) In proceedings related to asset declarations ongoing on the day of the entry into force of Act XXXI of 2022 on the Amendment of Certain Laws relating to the Control of the Use of European Union Budget Resources and Connected to the Declaration of Assets, the rules in force on the day of the commencement of such proceedings shall apply.

Article 35/C¹¹² (1) The auditors' public service contracts shall be concluded, with contents as set out in Articles 15 (1b) and (1c), no later than on 15 January 2023.

(2) If an auditor's public service contract is not concluded within the deadline set out in paragraph (1) for reasons attributable to the auditor, the auditor's employment relationship shall be terminated in accordance with the provisions of Article 72 (3) of the Act on Civil Servants.

(3) The auditor's salary shall not be less than the amount he was entitled to as a salary based on the instrument of appointment on 31st December 2022.

Amending provisions

Article 36 (1)¹¹³

(2)¹¹⁴

Article 37¹¹⁵

Repealing provisions

Article 38¹¹⁶

¹¹¹ Established by: Article 3 of Act LVI of 2022. In force: from 15th December 2022.

¹¹² Enacted by: Article 21 of Act LXXIX of 2022. In force: from 1st January 2023.

¹¹³ Repealed: under Article 12 of Act CXXX of 2010. Repealed: from 2nd January 2012.

¹¹⁴ Repealed: under Article 12 of Act CXXX of 2010. Repealed: from 2nd July 2011.

¹¹⁵ Repealed: under Article 12 of Act CXXX of 2010. Repealed: from 2nd January 2012.

¹¹⁶ Repealed: under Article 12 of Act CXXX of 2010. Repealed: from 2nd July 2011.

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