

**PAPER FOR THE FIRST ASOSAI-EUROSAI JOINT CONFERENCE – ISTANBUL  
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**Main theme:** Challenges for Ensuring Transparency and Accountability in Public Financial Management

**Sub-Theme 1:** Basic Approaches and Challenges for Ensuring Transparency and Accountability

- The Importance of Enhancing Accountability and Transparency in the Struggle against the Financial Crisis, and the Role of SAIs

**Title:** The role of the Hungarian State Audit Office in enhancing the transparency of the state budgeting process

**Abstract**

The legally mandated task of the Hungarian State Audit Office (SAO) is to form an opinion on the well-foundedness of the state budget. The SAO has performed this duty since 1989 but was not able to halt the indebtedness process of the Hungarian state. The SAO in its opinion brought to the surface the risks of a higher annual budget deficit in several years but these warnings did not have any real consequences. In 2007 and 2008 SAO tried to expand the scope of its opinion to the macro economical risks as well. In 2009 budget rules were introduced and a Budget Council (BC) was set up in order to monitor the compliance of the budget bill and other important bills with the budget rule. BC developed a good analytical capacity but did not have enough power to compel the compliance. At the end of 2010 the Parliament amended the law: BC has become more powerful, the president of the SAO is a member of the BC in officio. The new regulation opens a good possibility for the SAO for channelling its audit experience and analytical capacity into the formulation of the opinion of the BC in order to enhance the transparency and the accountability of the state budgeting process.

**Outlines**

1. Severe budget deficit and rapidly growing state debt as consequences of the lack of accountability and transparency in the budgeting process.
2. The legally mandated task of the Hungarian State Audit Office (SAO) is to form an opinion on the well-foundedness of the state budget proposal: a right without consequences.
3. Efforts to expand the scope of the opinion of the SAO in order to enhance transparency
4. The establishment of the Budget Council (BC): a second institution without real power
5. The reorganisation of the BC: more power, the president of the SAO is a member of the BC in officio.
6. How can SAO channel its audit experience and analytical capacity into the formulation of the opinion of the BC?