



**STATE AUDIT  
OFFICE OF HUNGARY**



# **The Audit on Task Performance and Property Management of National Park Directorates**

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# What will be covered in this presentation?

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- Role of the National Park Directorates (NPDs)
- Audit objectives
- Audit method
- Main findings
- Lessons learned
- Possible impacts
- Next steps

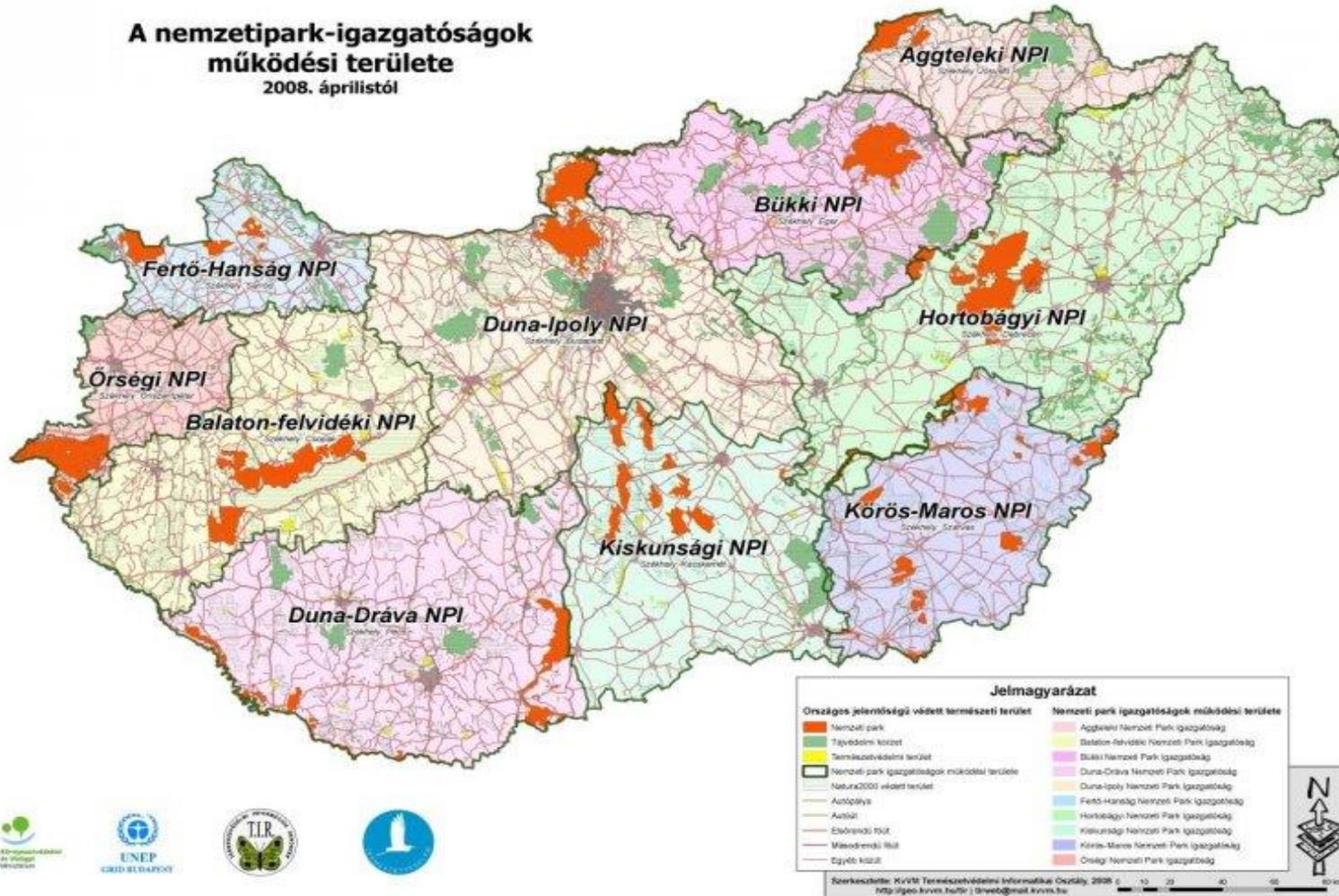
# **Role of the National Park Directorates**

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- Environmental protection, nature conservation of the protected natural areas
- Asset management of state property
- The operational territories of the National Park Directorates are not equal to their protected areas

# Operational territories of the National Park Directorates

A nemzetipark-igazgatóságok működési területe  
2008. áprilistól



# Justification of the audit

- NPDs are key players in environmental protection
- The basic budget subsidies for the NPDs have fallen between 2007-2011
- The total revenues of the NPDs have increased. The plus came mainly from project-based EU and other international funds.
- There was a change in the organisation and jurisdiction of the NPD's supervisory authority in 2010
- The State Audit Office of Hungary has not yet carried out a performance audit of the NPDs



by Howard Lake

# Audit objectives

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- **Performance audit:** to evaluate the effectiveness and efficiency of the task performance of National Park Directorates, as well as to assess the utilisation of the asset elements managed by them

## Criteria for

- Effectiveness: core tasks accomplished and goals set in environmental programs achieved
  - Efficiency: operational costs per hectare on area of own use decreased
- **Financial audit:** opinion on the reliability of the 2011 final accounts of the directorates

# Audit method

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- In accordance with INTOSAI standards and the SAO's internal methodology
- Preliminary study and detailed audit programme
- The financial audit connected to the audit of the final accounts of the whole state budget
- The on-site audit covered four directorates and the Ministry of Rural Development (Ministry) in the period between 2007-2011
- Surveys sent to all of the 10 directorates

# Main findings (1)

- Establishing the rules and requirements of the task performance of the NPDs:
  - Rules and regulations provided the frames of the task performance
  - Laws aligned to the international guidelines and conventions
  - The Ministry **did not provide a detailed guide** or normative regulation for the specific objectives
- Professional supervision:
  - The Ministry evaluated the NPDs activities only as a whole but not the individual directorates and the evaluation was not complete
- Internal regulation and procedures of the NPDs:
  - Set up in accordance with the legislation
  - Comparison of the performances with the targets missing from the reports

## *Rules and Regulations*

## Main findings (2)

### Environmental protection, nature conservation activities:

- ❖ Meeting the targets in relation to preserving wildlife and maintaining the natural habitats
- ❖ Communication activities promoted the environmental education and ecotourism



Bükk national park, by [Marcell Jetter](#)

Task provision was suitable to meet the targets. The NPDs carried out their tasks according to the applicable regulations

# Main findings (3)

## Reconstruction of damaged areas

- Reconstructions were based on plans though without proper scheduling
- The number and size of the areas connected with habitat rehabilitation increased according to the environmental protection programs

## Land Registry and data processing

- The Ministry took several measures to complete the professional registries. The geographical information system (GIS) database was being further developed. Discrepancies between the GIS and the certified public records of properties still remain.
- There were no audits concerning the reliability of the professional data information system.
- The number of decisions concerning the protection of areas fell considerably behind the processes initiated



by [Archivo-FSP](#)

## Main findings (4)

### Asset management relating to environmental protection and nature conservation:

- ❖ The legal process of handing over the asset management rights to NPDs was slow
- ❖ The asset management of the NPDs was effective according to the increase of areas of own use
- ❖ Leasing of lands:
  - Contracting was in compliance with the rules
  - The leasing contracts determined the principles of the requirements and conditions of environmental protection
  - The NPDs took into consideration the capabilities of the lessees and whether they could meet the requirements of the environmental protection objectives



Well in the Hortobágy Puszta, by: self2, [Andreas Poeschek](#)

# Main findings (5)

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## ❖ Leasing of lands:

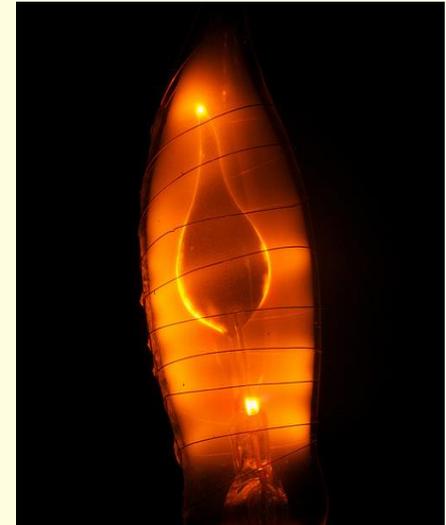
- The environmental protection guards checked the compliance of rules stated in contracts.
- **But:** NPDs did not regulate the way the leasing fees were determined. The level of leasing fees was low compared to the territory-based subsidies.
- The announcements of leasing offerings were not satisfactory in terms of wide publicity and transparency.

## Financial management of the NPDs:

- The final accounts of the NPDs involved in the field audit showed a true and fair view of their financial conditions.
- A more economic financial management is required.
- Use of the resources was efficient (operational costs per hectare on areas of own use decreased).
- Developments by active participation in tenders for subsidies.

# Lessons learned

- There is room for improvements in the regulation of task performance. Without determining more specific objectives with target values, it is difficult to assess the effectiveness and efficiency of the task performance.
- There is a risk in the conduct of land leasing operations due to regulation shortcomings.
- The protected natural lands can represent significant potential for generating revenues. More focus should be given to the efficiency requirements in the field of environmental protection and nature conservation.



By Micah Elizabeth Scott

# Impacts of the audit



morning sun, by Matt MacGillivray

## Recommendations:

### To the Minister of Rural Development:

- define more specific tasks and requirements for the directorates relating to the accomplishment of nature conservation objectives

### To the heads of NPDs:

- review the expenses and revenues of possible alternatives prior to utilising the areas they manage
- take measures to advertise areas to be utilised in the framework of leasehold contracts to a broader audience

The auditees made an action plan on the basis of the recommendations (it is obligatory due to the new Act on the SAO since 2011)

## Possible effects of the recommendations:

- Enhanced accountability of the NPDs, more standardised and higher-level performance of tasks
- Improvement of the financial conditions of NPDs and hence more capacities for provision of duties and developments in the environmental protection and nature conservation activities
- Greater transparency of leasing, low risk of corruption

# Next steps – seeking for partners

- In many cases, the most effective way of auditing environmental and sustainability issues is putting them into international context as they generally do not stop at state borders.
- Proposed fields of cooperation:
  - Establishing a common methodology and set of goals for the particular audits enabling benchmarking
  - We recommend that the WGEA raise and schedule topics for coordinated/parallel audits and invite SAIs to join
  - Special interests for us in the near future: forestry, air pollution, allergy, climate change, industrial disasters



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