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Water management and rainwater drainage tasks performed by local governments in Hungary

Ildikó Salamon



Public environmental
audit

International seminar
Barcelona, 16 October 2009



STATE AUDIT
OFFICE OF HUNGARY

„Public Environmental Audit: Challenges and Opportunities for Public Sector Audit Institutions”

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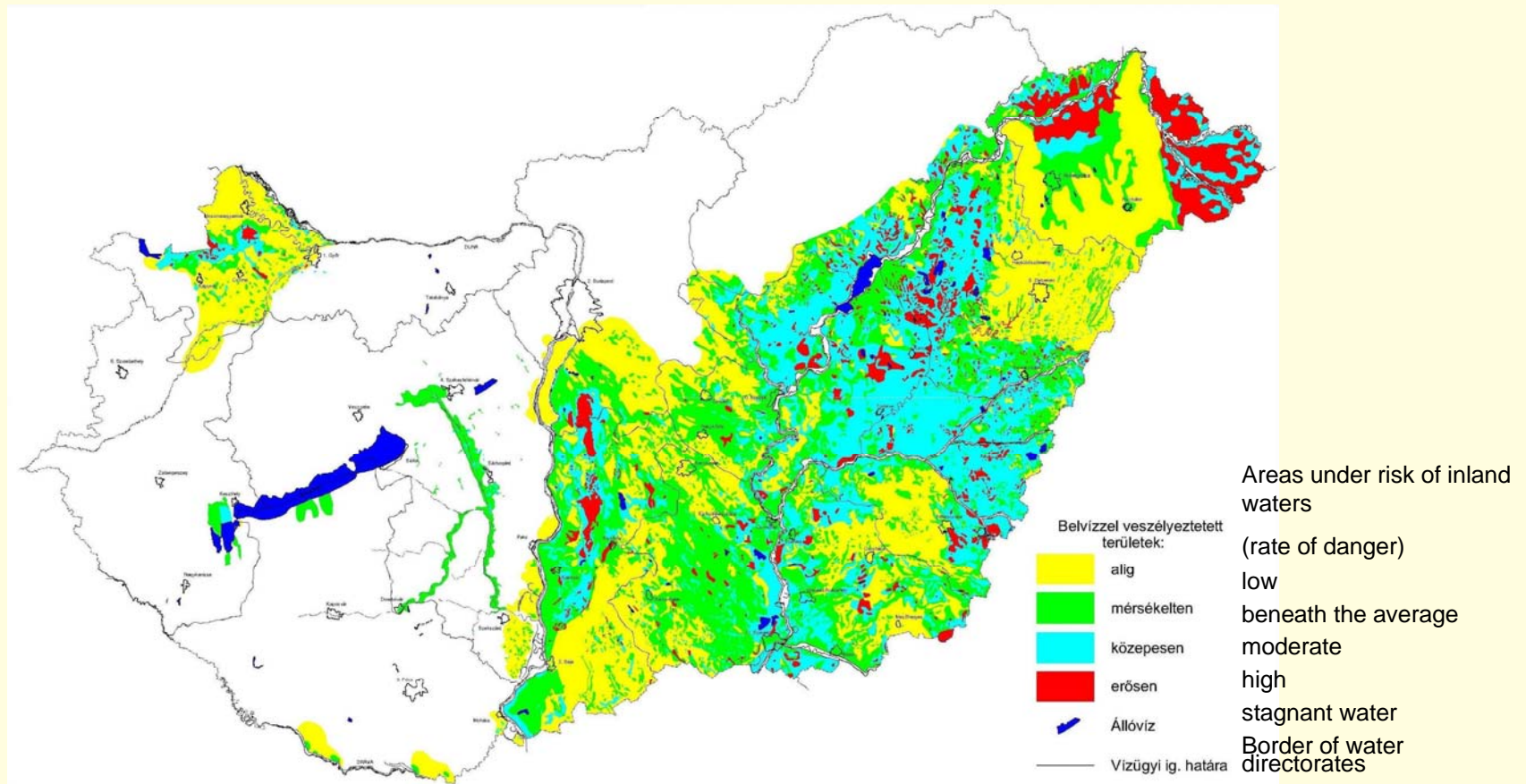


Ildikó Salamon
Auditor Counsellor
State Audit Office of Hungary

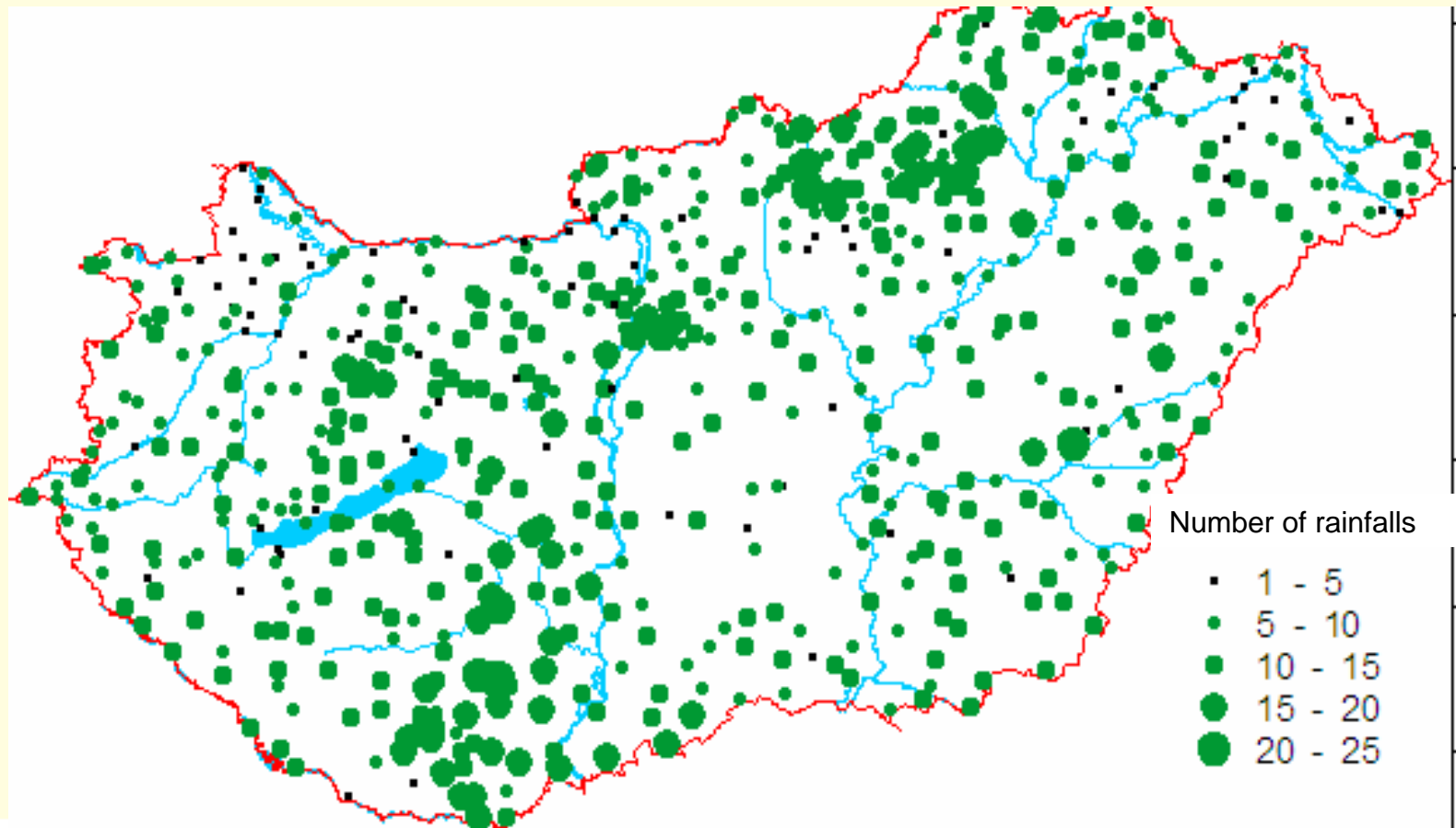
Significance of the audit subject

- **High risk of water damage** (one-quarter of the settlements are exposed to high risk of inland waters and floods)
 - **Risk of water damage is present at flatlands, mountains and hill-countries too**
 - **Damage may emerge at any time of the year**
 - **Aspects of personal security and protection of properties**
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Areas under risk of inland waters in Hungary



Number of rainfalls with more than 30 mm between 2001-2006



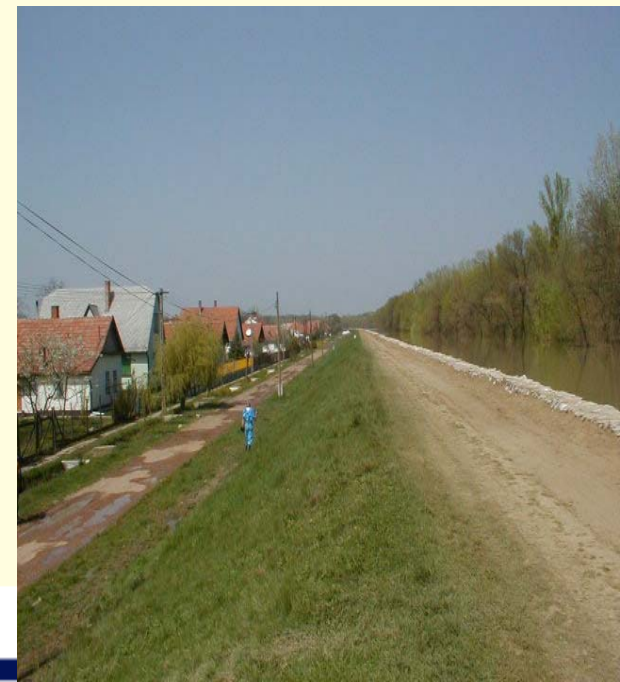
Topicality of the audit subject

- **Extraordinary local water damages caused by rainfall** (in 2002, 2005 and 2006)
Reason: natural conditions, human intervention or its absence
- **Utilisation of central subsidies for tasks of water management** (app. EUR 10-15 million per year)



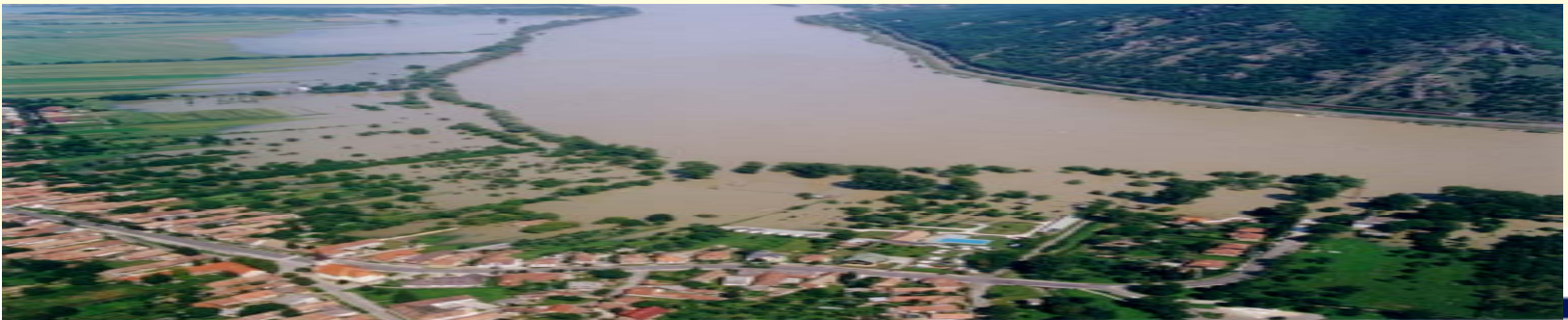
Tasks in the field of water management (1)

- Regional water management
 - **Flatland water management**
 - Flood protection
 - Water storage (watering, agricultural needs)
 - Drainage (inland water protection)
 - **Hill-country water management**
 - Protection against soil erosion
 - Channel improvement of smaller rivers



Tasks in the field of water management (2)

- **Municipal water management**
 - **Eliminate the risk of inland water**
 - **Establish and develop rainwater drainage systems**
 - **Establish flash flood and municipal rainwater storage dams (watering, green spaces)**
 - **Rationalise the water use of the population (such as utilisation of rainwater)**



Tasks of local governments

Regarding the administrative area of the settlement:

- Water management and rainwater drainage
- Water damage prevention
- Drainage of floods and inland waters

Provisions for waters and water facilities in the property of local governments:

- Establishment, maintenance and development of inland water drainage facilities
 - Inland waters protection
 - Establishment of possibilities for the secure discharge of water, drift and ice
 - Regulatory and river channel maintenance works
-

Background of the audit (1)

- **Legal regulations** (Act on Local Governments, Act on Water Management)
- **Ownership structure** (state, local governments, private sector)
- **Division of tasks, need for harmonisation**
- **Earlier audit experiences of the SAO**



Background of the audit (2)

Three levels of water administration in Hungary

- **Central level** (Government – Ministry of Environment and Water)
- **Regional level** (12 Water Directorates)
- **Local level** (local governments)



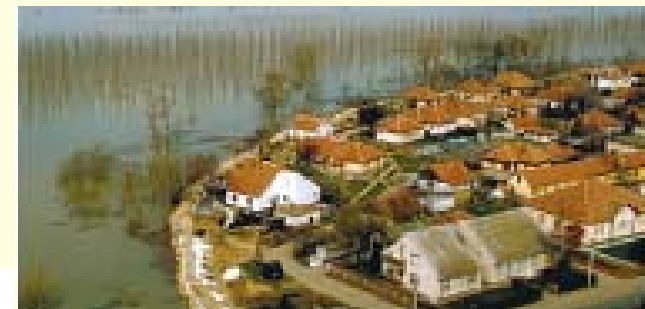
Auditees

- **On-site audit**
 - **Ministries** (Ministry of Environment and Water, Ministry of Local Government)
 - **Environment and Water Directorates** (9 regions)
 - **Local Governments** (84 sites)
- **Questionnaire survey**
 - **Water management associations**
 - (mayors of local governments)



Aspects of the selection of sites concerning local governments

- **Belonging to different risk categories**
 - „A” high danger
 - „B” moderate danger
 - „C” low danger
- **Affected by water damages**
- **Received central subsidies**
- **Involved in earlier SAO audits**

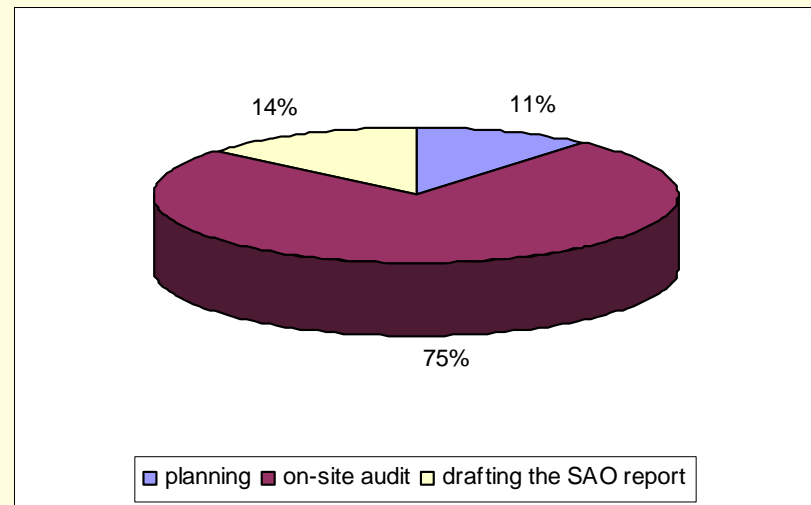


Type and risks of the audit

- **Type of the audit:** performance audit (efficiency, effectiveness)
- **Risks of the audit:**
 - **Division of tasks** (due to ownership structure)
 - **Conformity of the operation of water management facilities**
 - **Deficiencies in the IT systems of local governments**

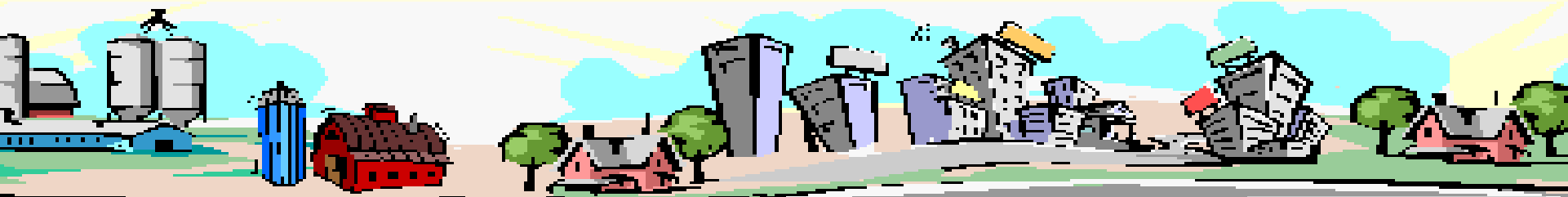
Audit capacity needs

- **Planning:** 3 persons 2 months
- **On-site audit:** 21 persons 2 months
- **Drafting the SAO report:** 3 persons 2,5 months



Audit process

- **Planning** – approved audit programme
- **Implementation** – on-site audit, auditors' reports
- **Drafting the consolidated audit report** – signed and published SAO report



Planning

- **Questions**
- **Criteria and performance indicators**
- **Datasheets, questionnaires**
- **Drafting the audit programme, consultation (with other organisational units, external experts)**
- **Quality control procedure**
- **Approving the audit programme**
- **Manual to the implementation of the programme**



On-site audit

- **Visits, interviews, collecting data at the sites**
- **Completing datasheets, questionnaires**
- **Analysing data, information**
- **Drafting auditors' reports**
- **Two-level review**
- **Contradictory procedure (auditees), consultations (audit manager)**



Drafting the SAO report

- **Collecting, analysing, consolidating the data and findings of the auditors' reports**
- **Drafting the consolidated audit report**
 - Making findings conform with each other, examining reliability
 - Developing recommendations
- **Contradictory procedure, consultations** (internal, external)
- **Quality assurance procedure**
- **Making necessary improvements**
- **Approval at the presidential meeting**
- **Publishing the approved SAO report**



Audit objective

To provide an answer to:

- whether the relevant **legal provisions** and the **established subsidy system** ensured effective task performance;
- whether **local governments fulfilled their tasks** of water management and rainwater drainage, as well as **had the necessary financial resources** to develop and maintain water facilities;
- whether the **preparation of local governments** to perform these tasks and the measures taken ensure efficient protection;
- whether the **earlier audit** recommendations were utilised.



Audit findings (1)

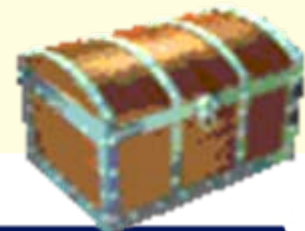
Definition of local governmental tasks

- **Deficient central regulations** – exact tasks, definitions (regarding the different ownership structure)
 - **Local regulations have not been prepared or they were deficient** (exact tasks, level and ways of implementation)
 - The central government took measures due to earlier audit recommendations, but **the necessary amendments in legal regulation failed – scarcity of financial resources**
-

Audit findings (2)

Support of task performance – applications

- **The application system of developments** was fragmented, and changed continuously
- **‘Vis major’ subsidies** were available to cover extra costs arising from natural disasters
- **Resources for maintenance and operation were not available** – subsidies for improving employment (programmes for public work)



Audit findings (3)

Financing tasks

- Deficiencies of accounting IT systems
- Difference between planned and actual expenditures
- Low share from total expenditures (1,9%)
- Development purpose was dominant (78%)
- Rate of state subsidies was significant (for operation and development purposes together 66%)
- There was no natural data on the completed maintenance works



Audit findings (4)

Properties serving task performance

- **Property register was inaccurate in several cases (central regulation, local implementation)**
 - **'Health check' failed at half of the local governments**
 - **The technical condition of facilities were varied, they only complied with their original function partly**
-

Audit findings (5)

Forms of task performance, cooperation

- Forming associations, cooperation among local governments was not substantially present
 - There were no guarantee regulations to harmonise the operation of water management facilities (local governments, water management associations, state)
 - Lack of complex water management plans, lack of conforming developments (at periphery and urban land)
 - Statistical information were not conformed
-

Audit findings (6)

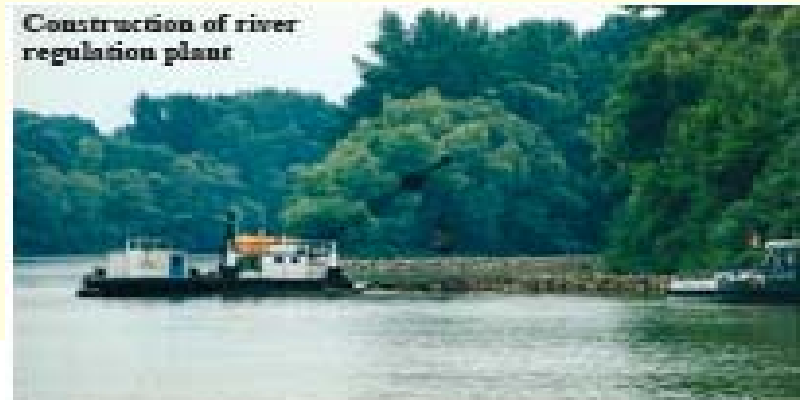
Protection against extraordinary damages

- **Preparation for protection was not adequate** (regulations, strategies to prevent water damages, protection plans)
 - **Water management bodies were not authorised to ask for accounting**
 - **Damages could be reduced by regular modernisation and maintenance**
 - **Lack of interest** (70-90% of expenditures for protection were covered by the central budget)
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Recommendations for local governments

- **Amendment of local regulations** (with tasks related to water management, prevention of water damages, flood and inland waters protection)
- **Drafting of plans for water protection and prevention of water damages**
- **Drafting of environmental programmes**
- **Task performance in the form of cooperations**
- **Accurate registry of properties serving task performance** (in value and amount), **health check**
- **Improvement of the local IT system** (revenues and expenditures, completed tasks)
- **Improvement of statistical data transmission**
- **More active participation in tenders**

Construction of river regulation plant



Recommendations for the central government

- **To the Government**
 - Amendment of legal regulations in order to define tasks clearly
 - Giving priority to tasks related to water management and rainwater drainage, when allocating budgetary resources through tendering
- **To the Minister of Environment and Water**
 - **Establishment of data transmission system:** health check of water management and rainwater drainage facilities, review of funds spent for development and maintenance
 - **Acceleration of drafting complex water management plans**
 - **Review of protection plans of local governments**
- **To the Minister of Local Government**
 - Raising the awareness of local governments to observe the legal provisions of property register



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Thank you for your attention

Further information: www.asz.hu

e-mail: tothnesi@asz.hu

