

Financial audit of local government institutions providing services to the homeless

The objective of the State Audit Office of Hungary (hereinafter referred to as Audit Office) is to raise budgetary awareness in all dimensions. Pursuant to that objective the Audit Office would systematically audit social benefits administered by the local governments.

In 2006 the Audit Office audited local governments in the field of provision of the homeless.

The LXV Act of 1990 on Local Government (hereinafter referred to as Local Government Act) and the III Act of 1993 on Social Administration and Social Benefits (hereinafter referred to as Social Act) lay down the responsibilities including responsibilities related to provisioning of the homeless that should be performed in all places, larger cities and committees (and in provinces respectively).

The homeless are supplied by the church, civil and charitable organisations. The above organizations, regardless of sector of activity, are also supported financially by the state budget.

The audit activities carried out by the Audit Office were hampered by certain circumstances: The local government assignments are not unambiguous and set precisely; The Social Act does not deal with the issue of the homeless having families, nor with young homeless people; it is not possible to define in a reliable manner the circle of people affected by the problem; The institutions dealing with the homeless provisioning did not have precisely separated data and therefore only to a limited extent it was possible to make comparisons of data concerning similar activities and periods.

The audit aimed at determining whether:

- the system of financing the provisioning of the homeless, expected subsidies supported the operations of institutions providing services to the homeless;
- the utilization of additional payments and subsidies of the State complied with the rules and whether it supported the attainment of set industry objectives;
- expansion of the outpatient clinics providing services to the homeless, outpatient clinics and hospitals and their financing complied with law.

Elements of implementation in practice:

- Audit planning
 - Data collection
 - Defining of issues to be audited , audit plan
- audit conduct
 - Method selection
 - Information analysis and evaluation

➤ Drawing up of audit report

- Major findings
- Proposals

Based on audit experience the Audit Office proposed inter alia:

- Amendments to Social Act to implement regulations on necessary benefits for the homeless and to secure state subsidies to provision.
- Development of long-term concept for the homeless provisioning and securing necessary state subsidies;
- Adjustment of monitoring system in order to control subsidies and their utilisation.