



OBH



## JOINT PRESS SUMMARY

### Anti-Corruption Framework Established in Hungary 7 Years Ago

A joint evaluation on the anti-corruption achievements of the past year is published by the Ministry of the Interior, the Public Procurement Authority of Hungary, the State Audit Office of Hungary, the National Office for the Judiciary, the Curia, the Office of the Prosecutor General and the National Bank of Hungary

**Budapest, 10 December 2018** - On 18 November 2011, upon the initiative of the State Audit Office of Hungary, the Minister of Public Administration and Justice, the Prosecutor General of Hungary, the President of the Supreme Court of Hungary and the President of the State Audit Office of Hungary signed a joint declaration, in which they assumed moral obligation for strengthening resilience against corruption and for improving the anti-corruption methods applied by the public bodies they govern. The National Office for the Judiciary and the Ministry of the Interior joined the above-mentioned anti-corruption framework in 2012 and 2014, respectively. In 2016, on the fifth anniversary of its establishment, the Public Procurement Authority and the National Bank of Hungary expressed their intention to join the framework by signing a memorandum of understanding. On 10 December 2018, seven years after signing the joint declaration, the public institutions evaluated their anti-corruption achievements of the past year in the House of Parliament.

**Dr. Sándor Pintér, Minister of the Interior** underlined at the event: *“The goals included in the National Anti-corruption Programme (2015-2018), the tasks defined in the action plans and other tasks undertaken in relation thereto contributed to the promotion of fighting corruption and to the acknowledgement and respect of our certain legal institutions and initiatives in abroad as well.”* The minister added that the new National Strategy to Prevent Corruption, which is under preparation by the Ministry of the Interior, aims to intensify anti-corruption efforts in the following three areas: Firstly, the technology-based development of already launched administrative procedures to establish an efficient, up-to-date and user-friendly public administration; secondly, legislative amendments in the fields concerned in order to mitigate corruption risks; furthermore, simultaneously and additionally, continuing to apply the already tried and tested value-based methods and introducing new tools.

**Csaba Rigó, President of the Public Procurement Authority of Hungary** stressed that the Authority has twin goals in the field of reinforcing integrity: on the one hand, the Authority is committed to establish and maintain to operate an integrity-based organisation; for such purpose, developments in various fields took place in the institution. On the other hand, its primary goal is the promotion of anti-corruption measures in the public procurement market. Mr Csaba Rigó highlighted: *“Monitoring of the legal compliance of public procurement procedures is one of the main tasks of the Public Procurement Authority. The activity of the Public Procurement Arbitration Board considerably contributes to this, which, according to its practice of imposing fines consistently, imposes heavy fines upon serious infringements. Uniquely in Europe, the Public Procurement Authority, beside controlling the legal compliance of the public procurement notices, also controls the performance and modification of public contracts, should a related application for legal review be filed. The efficiency of our contract control activity is reflected by the fact that the fines imposed during the contract control constitute a significant proportion of the total fines imposed by the Public Procurement Arbitration Board.”* Beside the severe punishment of infringements, one of the major goals of the Authority is curbing the number of not open procedures, that is negotiated procedures without prior publication. Due to the strict control, the number of not-open procedures significantly dropped compared to previous years (Number of such procedures: 3626 in 2014; 3003 in 2015; 870 in 2016; 482 in 2017; 261 until the 45<sup>th</sup> week of 2018).

**László Domokos, President of the State Audit Office of Hungary (SAO)** emphasized: *“The systems ensuring the prevention of corruption situations are set up in Hungary. The integrity of the public sector is reinforced, in international comparison today Hungary can already be considered*

*conscious as regards prevention-based corruption fight.”* In its more than 300 monitoring, the SAO evaluated the integrity controls providing protection against corruption risks at the more than 1000 organisation monitored by it. In April 2018 the SAO published its survey, which was conducted by involving more than 750 publicly owned companies, mapping resistance to corruption at state and local government owned business associations. The eighth annual integrity survey was also launched in September to evaluate public sector integrity, by involving almost ten thousand public institutions.

**Dr. Tünde Handó, President of the National Office for the Judiciary (NOJ)** declared at the event: *“The promotion of integrity-based organisational operation is one our strategic goals since the beginnings: Inter alia, regulations, trainings, the activities of the Court Integrity Work Team and the survey conducted by involving the judges also stimulate integrity.”* For her integrity related measures, the President of the NOJ was awarded the Solidus Prize in 2018 by the State Audit Office. The NOJ regularly organises central trainings, which aim to foster integrity related employment awareness. A pilot training was held in 2017: the 25 persons responsible for integrity cascaded down their knowledge to the court employees at their organisational unit at local level. Thus in 2017, the integrity training of 5311 court employees took place.

*“As confirmed personally at the Office of the Prosecutor General on 12 June 2018 by the President of EUROJUST, Mr Ladislav Hamran, the Hungarian prosecution is an explicitly active contributor to the work of EUROJUST and the international joint investigation teams coordinated and financed by it.”* – pointed out **Dr. István Lajtár, Deputy Prosecutor General for Non-Criminal Cases.** Moreover, the result of the criminal investigations - the current 52,4% of indictments and terminated cases - in all cases opened up as a follow-up to the up to now in total 38 judiciary recommendations, 4 signals and 1 final report of the European Anti-Fraud Office (OLAF) exceeds the 42% EU average. The proportion of indictment affected acts concerning corruption crimes is significantly higher compared to all crimes. 17 criminal complaints were filed in 2017 as a result of the integrity screenings carried out by the National Protective Service after prosecutorial approval.

*“The supreme judicial forum lays special emphasis on the regular review and renewal of its internal regulations, in order to eliminate the “grey zone” of activities, without explicit applicable regulation of tasks and responsibilities.”* – accentuated **Dr. István Kónya, Deputy-chairman of the Curia.** Accordingly, several regulation and rules of procedure was amended, and several new Presidential instructions was issued. The strategic goals of the supreme judicial forum are specified in advance, which also aims transparency. This year, a strategic working group has been set up, which is to define the new mid-term strategic institutional goals of the Curia. Due to the steps taken so far, in total only two integrity violation was committed this year at the Curia, which were however detected by the organisation on time, decision makers took the necessary steps.

*“The National Bank (MNB) continues to take actions against those who may violate legal and ethical rules and applies preventive measures to reinforce integrity and eliminate corruption. The supervisory unit of the National Bank supports the enforcement of control within the institution by splitting up its inspecting and legal organisational units in 2017, by the rotation of inspection supervisors of oversight inspections conducted at the same financial institutions, respectively, by preparing supervisory methodology based on digital data analysis and minimising human risks.”* – indicated **Dr. László Windisch, Deputy-Governor of the National Bank of Hungary** at the event. During the preparation of the anti-corruption strategy to be implemented in 2019-2022, the MNB proposes, as already applied at the MNB, to establish quality assurance groups providing “doublecheck” control function at the bodies (divided from the internal control organisational units) performing authorisation, supervisory and monitoring tasks; furthermore, it proposes in certain cases to expand the internal regulations on conflict of interest wider than prescribed by the law.

## DETAILED PRESS RELEASES:

---



BELÜGYMINISZTERIUM

The goals included in the National Anti-corruption Programme (2015-2018), the tasks defined in the action plans and other tasks undertaken in relation thereto contributed to the **promotion of fighting corruption** and to the acknowledgement and respect of our certain legal institutions and initiatives in abroad as well.

A wide range of measures had been applied from value-based methods to the more strictly regulation based – e.g. law-making - processes during the implementation of the Programme. It has to be highlighted that the **wider society** is involved in the corruption prevention measures: from students of 9-10<sup>th</sup> grade to business life partners, naturally the applied methods, measures are tailor-made to the specificities of the group.

**Support is provided** for local governments to implement the freedom of information, for public administration bodies to their integrated risk management activities, for SMEs in the fields of internal control system, business ethics and regulation compliance, furthermore in the field of ban and prevention of international bribery.

It is expected in Hungary too, that law enforcement professionals shall be morally principled, refusing and capable to prevent corruption. To improve resistance to corruption challenges, a theoretical model (morally principled model) has been developed by applying psychological experiences; the model is to support the understanding of corruption situations and taking the possible actions. Upon the application of the model, a blending-learning training methodology (e-learning, training methodology) meeting the needs of the modern era is included in the training system of law enforcement bodies.

The new National Strategy to Prevent Corruption under preparation aims to intensify anti-corruption efforts in the following three areas: Firstly, the technology-based development of already launched administrative procedures to establish an efficient, up-to-date and user-friendly public administration; secondly, legislative amendments in the fields concerned in order to mitigate corruption risks; furthermore, simultaneously and additionally, continuing to apply the already tried and tested value-based methods and introducing new tools.

The most important in the field of combating corruption is to maintain the already achieved goals and to continue awareness-raising with the already tested established methods in order to engage more and more society groups, organisations in integral operation.



Five years after the signature of the joint declaration aimed at the cooperation to fight corruption, which was the initiative of the State Audit Office; on 17 November 2016 the Public Procurement Authority of Hungary expressed its consent to fulfil the obligations undertaken in the declaration.

The Public Procurement Authority is committed to the transparent, ethical and irreproachable operation of the organisation; accordingly, the Public Procurement Authority aims to develop and maintain an organisation which is operated based on integrity. Furthermore, the “service-providing” feature of the Public Procurement Authority is to be further developed, if the trust of the employees and citizens is earned. During the past year, the Public Procurement Authority **intensified its anti-corruption activities from two sides**: on the one hand, the organisational integrity side of the Public Procurement Authority and on the other hand, improving the transparency of public procurements; considering that the integrity quality of the organisational side deeply affects the other side, the quality of tasks performance arising from sphere of duties and competences.

## Strengthening the organisational integrity of the Public Procurement Authority

The Public Procurement Authority established an **integrity working group**, the primary task of which is the collection, channelling of integrity and corruption risks arising during the operation of the Public Procurement Authority and the preparation of solution proposals, plans.

The Public Procurement authority **revised all its internal regulations and orders** this year. Subsequently, in order to prevent corruption and strengthen integrity, a more detailed **new Code of Ethics** is accepted, which pays special attention to issues like the order of accepting presents, protection from corruption, conflict of interest; furthermore, a **new procedural order** is also accepted, which tackles events violating organisational integrity. In addition to the above, the Public Procurement Authority also **revised its Procurement Regulation**. As of August 2018, a **colleague assigned with integrity** coordinates all the integrity related tasks of the Public Procurement Authority. Additionally, a two-day internal, interactive **integrity training** was held for the colleagues of Public Procurement Authority, while the leaders also attended a three-day integrity course organised by the National University of Public Service.

### Integrity arising from the sphere of competence

The control of the legal compliance of public procurement procedures is one of the main tasks of the Public Procurement Authority. Where any infringement is suspected, the Public Procurement Arbitration Board decides on the case. The Arbitration Board pays special attention to **impose substantial fine** in the case of serious infringements; while **proceeds with aiming to provide assistance** in other cases. Upon comparing the amounts of fines imposed to the previous years, it can be stated that imposing severe fines has its practical results: the actors of public procurement procedures **make more efforts to conduct compliant procedures**, this year the number of serious infringements committed decreased compared to the previous years.

Since November 2015, uniquely in Europe, the Public Procurement Authority **controls** not only the compliance of public procurement procedures, but **the performance of public contracts concluded**. It is also examined during the control whether the economic operator involved in the performance has the **necessary capacity** in practice; moreover, the colleagues of the Public Procurement Authority may also carry out **on-the-spot checks**.

The **control of public procurement notices** is also an important task of the Authority. The control of notices is the first phase in the process-integrated control public procurement procedures. Until the 48<sup>th</sup> week of 2018, 22.357 notices were sent to the Authority.

in order to promote competition and increase transparency, one of the primary goals of the Public Procurement Authority is **curbing the number of negotiated procedures without prior publication**. Due to the strict control, the number of not-open procedures significantly dropped compared to previous years (Number of such procedures: 3626 in 2014; 3003 in 2015; 870 in 2016; 482 in 2017; **287 until the 48<sup>th</sup> week of 2018**).

### Tasks undertaken voluntarily

In addition to its tasks prescribed by the law, the Public Procurement Authority aims to maximise its anti-corruption activities towards integrity by undertaking further tasks voluntarily.

As regards combating corruption, gaining the necessary professional knowledge, the development of social consciousness, the **organisation of trainings** has crucial importance. Operating as a base of knowledge, the Authority aims to promote the **formation and spread of lawful public procurement behaviour**. Like in the previous years, the Authority organised several professional events **in 2018** within the framework of the Public Procurement Academy. The eleven professional conferences, which attracted 1500 participants, focused among others on the control of public contracts concluded as a result of public procurement procedures and on how to apply sustainability solutions.

Meeting the challenges of the 21<sup>st</sup> century, the Public Procurement Authority strengthens the transparency of the public procurement market by applying digital tools as well. The organisation is committed to transform its **website** into a simple, informative and user-friendly surface, which considerably supports the administrative work. Thus, the website has been transformed into an inevitable knowledge base, which provides up-to-date response to any external public procurement related request.

Furthermore, in May 2017, the Public Procurement Authority launched its **mobile application titled Daily Public Procurement, which since has been downloaded by appr. 5500 users**. The freely downloadable application, which is developed and operated by the Public Procurement Authority, provides up-to-date rules, information and basic knowledge concerning public procurement in a clear and easily understandable way. Among others, based on the previously set preferences, the application **sends push-notifications** on the related public procurement tenders published; thus, users are immediately informed on the relevant public procurement **notices** and also on the relevant **decisions** of the Public Procurement Arbitration Board. The Public Procurement Authority **expanded the general search function** of its website also to **smart phones**; so, like on the online surface, the users can easily and simply browse notices in the application, based on the parameters set previously.

The Public Procurement Authority aims to realize the service providing authority in practice and the cut down of bureaucracy; consequently, special attention is paid to the **close professional cooperation** with other public procurement related organisations and bodies. With this aim, the Public Procurement Authority **joined the integrity survey** of 2018 conducted by the State Audit Office, and intends to continue to promote the fight against corruption. The Public Procurement Authority concluded **public service strategic cooperation agreements** with certain bodies, aiming to encourage cooperation among the organisations, the preparation and development of public procurement legal knowledge base.



**The State Audit Office of Hungary (SAO) has done firm steps also in 2018 towards developing and enhancing integrity culture. In the course of 300 or more audits carried out at the more than 1000 audited entities this year, the SAO evaluated integrity controls ensuring protection against corruption risks. In April 2018, the SAO published its survey, which was conducted by involving more than 750 publicly owned business associations, mapping resistance to corruption at state and local government owned business associations. The eighth annual integrity survey was also launched in September to evaluate public sector integrity, by involving almost ten thousand public institutions. Within the framework of its advisory role, the SAO organized four manager training programs this year for the leaders of budgetary institutions and strengthened further its integrity-related international activity.**

Following the footsteps of the Dutch Court of Audit, the SAO of Hungary evolved its own Integrity Project in 2009, which contains various initiatives. According to the opinion of the OECD, integrity and ethical operation is the cornerstone of good governance, besides promotes maintaining the confidence in the governance and prevents corruption. Thus, the SAO considers the development and dissemination of integrity culture as one of its most important tasks. The “Hungarian model” devised for achieving this objective is considered as guiding improvement in the field of combat against corruption by several international organizations and foreign audit institutions.

Since 2011, the SAO has conducted its Integrity Survey in every year within the framework of its Integrity Project, assessing the corruption risks of the Hungarian public sector, as well as the status of controls developed to mitigate such risks. The survey this year was conducted between the 26<sup>th</sup> of September and the 15<sup>th</sup> of November 2018. In the course of the survey the SAO addressed more than 10.000 public sector entities according to a renewed method, on an up-to-date platform, through a web application; therefore, similarly to recent years, the

expected number of the answering entities will be considerable. The result of the current integrity survey will be published in the first half of 2019.

The SAO continued its Integrity Survey focusing on mapping corruption risks and the level of resistance against corruption at business associations in majority state- or local government ownership, the result of which was published in April this year. The survey was conducted with the participation of 752 state-owned business associations highlighted that the soft-controls, which are not obligatory by laws, but important from the integrity viewpoint are applied by relatively few business associations. The study emphasizes that the high number of the small business associations with weak controls constitutes considerable integrity risk. Strengthening its advisory role, in cooperation with the University of Miskolc, the SAO organized a leadership training programme on public finance in 2017, under which managers of social institutions, local government-owned and state-owned business associations, and from November leaders of outpatient medical care services gained opportunity to get acquainted with the methods of the responsible public finance management. The trainings focused on sharing the “good practices” for the dissemination of the integrity culture and the mitigation of corruption risks.

Within the framework of the international knowledge sharing the SAO, for the fifth occasion, organized the International Integrity Workshop and Seminar this year with the title “From sensitivity to auditing integrity – The Integrity Model of the State Audit Office of Hungary”. 36 auditing experts from 25 countries took part in the seminar. Participants coming from mainly developing countries from Asia, Africa, South-East Europe and South-American learned about the best domestic and international practices, which contribute to the development of integrity-based public administration in their own country in the future. From 2018, the SAO supports the anti-corruption programmes of the Initiative Development (IDI) of the International Organization of Supreme Audit Institutions (INTOSAI) through a new donor agreement.

**By its audits, studies, and widespread advisory and knowledge-sharing activities, the SAO contributed to the implementation of prevention based anti-corruption activities also in 2018.**



OBH

The most effective way to prevent corruption is strengthening the integrity-based operation of an organization. This is the priority objective of the President of the National Office for the Judiciary (NOJ) and this commitment was reflected in several administrative measurements. Inter alia, regulations, trainings, the activities of the

Court Integrity Work Team and the survey conducted by involving the judges also stimulate integrity. For her integrity related measures, the President of the NOJ was awarded the Solidus Prize in 2018 by the State Audit Office.

One of the strategic goals of the President of the NOJ announced in 2012 was the integrity of the court organisation, the transparency of rendering judgements and administrative work, the predictability and level of control of the latter. The Court Integrity Work Team has been in operation since 2012, whose members discuss the most important professional issues affecting integrity and develop the recommendations for measures to be taken in connection with these. In 2018 the Work Team examined the result of the integrity survey of the judges and explored the connection between the GDPR and the internal integrity regulation.

The Code of Ethics of the Judiciary entered into force on 1 January 2015, with the aim to promote the public trust towards the courts and to lay down the ethical rules to be followed by the judges. The Code of Ethics determines moral assumptions to be considered by judges, along the principles of independence, conflict of interest, dignity, diligence, honesty, respect and cooperation.

From 2015 to 2018, several internal regulations affected the implementation of integrity. The NOJ decision on the Integrity Regulation entered into force on 1 July 2016, proving identical

response to events violating integrity, identifies such events, regulates the methodology of examination. One of the conclusions of the Integrity Regulation is that an Appointed Integrity Officer receives the integrity-related alerts affecting the judiciary body at the Regional Courts of Appeal, The Regional Courts and the NOJ. Furthermore, the NOJ is continuously organizing central trainings with the aim of promoting the integrity related awareness of the employees. A pilot training was held in 2017: the 25 persons responsible for integrity cascaded down their knowledge to the court employees at their organisational unit at local level. Thus in 2017, the integrity training of 5311 court employees took place.

Refining informational technology risks contributes to ensuring integrity. The President of the NOJ founded the IT Security Management System Work Team in 2016, which is assigned with the supervision of IT security, tacking incidents and fostering security awareness of users. The NOJ and the courts continue to annually participate in the integrity survey of the Hungarian State Audit Office. The most important statement of the report of the SAO was that there had been a considerable rise in the index measuring integrity controls, it was more than 83%, which is the highest among all types of institutions. The outcome proves the high-level dissemination of the integrity culture within judicial institutions.

In order to foster integrity among the judicial institutions, the NOJ spreads out year by year the anonym survey for the judges. According to the result of the survey the judges recognize and avoid consciously the events and risks threatening integrity, and make their decisions independently and impartially. Comparing the results of this year to last year's, it is plausible that integrity-awareness of the judges has strengthened as an outcome of the recent measurements.

Nevertheless, it is remarkable that most of the judges taking part in the survey have no further economic activity, they do the judicial practice exclusively, regarding it as their only profession.



As a result of its external and internal cooperation the Prosecution Service of Hungary has shown considerable achievements both in the fight against corruption crimes and with regard to its organizational integrity in the recent years.

Apart from this, the Prosecution Service of Hungary is specifically active in contributing to the work of EUROJUST and of the international joint investigation teams coordinated and financed by the latter. These international joint investigation teams have proven to be more effective tools than any other ones against perpetrators of cross-border, organized crimes. On 12 June 2018, on the Day of the Prosecution Office, in the Celebration Hall of the Palace of Justice, Mr. Ladislav Hamran, President of the EUROJUST appreciated the effective work and activity of the Hungarian Prosecution Office. Through examples, he introduced how the EUROJUST can effectively support the cooperation of the participating countries. He underlined the activity of the Hungarian workgroup within the EUROJUST, and emphasized also, that Hungary is in the first place among the member-states in information transfer regarding serious crimes. The Hungarian authorities considerably contribute to the intensive cooperation in the field of investigation and justice. The proactive attitude of Hungary and the commitment for justice cooperation through EUROJUST is outstanding. In his opinion, Hungary is the main advocate of EUROJUST in Brussels.

The Office of the Prosecutor-General has maintained an excellent and continued working relationship with OLAF. The Prosecution Service of Hungary ordered criminal investigations to be opened as a follow-up to all OLAF recommendations and signals, and where criminal investigations were already ongoing, OLAF recommendations were made part of and assessed in connection with the investigation files. If the suspicion of bribery arises in addition to the suspicion of budget crime in a case opened as a follow-up to an OLAF recommendation, as it happened in the Metro 4 case, which has five suspects at present, the criminal investigation generally covers the circumstances of this other offence as well. As a result of the criminal

investigations opened as a follow-up to 38 recommendations, 4 signals and 1 final report of OLAF, the Prosecution Service of Hungary filed indictments in 10 cases, and out of these cases there are 3 where the judgement of the court convicted the offenders. There are 7 other cases where the court has not rendered a judgement yet, and the Prosecution Service decided provisory suspension in one case, which also represents an indictment. There are 10 cases, which were closed by the termination of criminal proceedings. The criminal investigation is still ongoing in all the other cases. The efficiency rate of criminal proceedings opened as a follow-up to OLAF recommendations, signals and final reports – the 52.4% rate of indictments, provisory suspensions and the terminated cases – is higher than the average rate of the EU, which was 42% according to the 2017 OLAF report.

The efficiency of the Prosecution Service of Hungary is well demonstrated by the rate of measures taken against corruption crimes. Comparing the statistics of the last 10 years, it can be concluded that while in 2007 criminal complaints were dismissed with regard to 11.9% and criminal investigations were terminated with respect to 38.8% of the corruption crimes respectively, these rates fell back to 7.6% and 25.7% in 2016. The rate of indicted corruption crimes is significantly higher compared to the total number of crimes. Taking the average of the last ten years, 58.1% of the total number of the corruption crimes ended with indictments. (In comparison regarding the total number of indictments this ratio is 32,7%.)

By using its experience in the fight against corruption crimes, the Office of the Prosecutor General elaborated on its argument and reasons during the codification process of the new Criminal Procedure Code of Hungary. The Prosecution Service of Hungary agreed with the view that the newly adopted provisions of law narrow the scope of immunity. It is an important achievement and novelty that due to the contribution of the Prosecution Service, the new Criminal Procedure Code includes rules concerning special investigation techniques. The application of various undercover tools provides indispensable preconditions for the detection and proving of corruptive acts.

Integrity screenings can be conducted by the National Protective Service only upon prosecutorial approval, and after the integrity screenings are finished, prosecutors review whether they have been carried out lawfully. This compliance review task is included in the non-criminal activities of the Prosecution Service. The number of criminal complaints filed as a result of such integrity screenings was the same (26) last year as in the preceding year.

Personal and organizational securities provide fundamental conditions for creating integrity. The issue was raised with special emphasis in view of the rifled attack which occurred in the building of the Local Court and Prosecution Office in Kiskunhalas in March 2016. New security risks called for stepping up actions of defence, and for this reason the Office of the Prosecutor General set up a national prosecutorial phone alarm system in cooperation with the Ministry of Interior.

Additionally, organizational integrity is equally strengthened by the analysis of corruption risks, the continuous and comprehensive training, the Code of Ethics and Standards of Prosecutors' Professional Conduct adopted in December 2014, as well as by the regular reports on measures taken in corruption cases. Such reports are published on the website of the Prosecution Service as well as via the media.



The Curia of Hungary has made significant steps in 2018, too, in developing integrity and eliminating the risks of corruption. On 10 December 2018 the supreme judicial forum participated, together with several other state agencies, in the annual conference which evaluated the implementation of the commitments undertaken in the Statement of Cooperation in Strengthening Ability to Resist Corruption, signed in November 2011.

The supreme judicial forum lays special emphasis on the **supervision and the renewal of internal regulations** in order to avoid “grey zones”, where obligations and responsibilities are unclear. Focussing on this aim, several internal regulations and rules of procedure have been renewed or modified, several presidential instructions have been issued. Among others, The Plan for Equal Opportunities of the Curia has been renewed, The Internal Audit Guide has been modified, the internal regulation on the disclosure of public data and public interest data and arrangement of claims for such data has entered into force. From 24 October, the **new Order for Distribution of the Files** of the Curia is valid, is available at the homepage, it provides for the distribution of the files automatically and adjusts to the special professional knowledge of the juries.

[http://kuria-birosag.hu/sites/default/files/szabalyzatok/ugyelosztasi\\_rend\\_2018.10.24.pdf](http://kuria-birosag.hu/sites/default/files/szabalyzatok/ugyelosztasi_rend_2018.10.24.pdf)

The Curia has taken further measures to **develop the security of its IT system** in 2018. The Curia has installed a new, advanced and business IT security system, which enabled the supervision of the security and status of the IT environment at the Curia.

In order to facilitate the application of the so-called GDPR Regulation (2016/679) of the European Parliament and of the Council, a **professional team for promoting GDPR compliance** has been set up at the Curia. As an outcome, the Guidance on Personal Data Processing has been renewed: <http://www.kuria-birosag.hu/hu/adatkezelesi-tajekoztato>

The supreme judicial court determines its main objectives in advance, which serves transparency. The Strategic Working Group has been also set up this year, which is responsible for specifying the **new, mid-term institutional strategic objectives**.

As a result of these measures, this year altogether two events affecting the Curia’s integrity have occurred. These events were identified in due time by the organisation and the necessary steps were taken by the decision-makers.



Extensive and high-level integrity cannot be attained without cooperation, therefore in 2018 the Curia has, for the seventh time, participated in the **anti-corruption survey** of the State Audit Office.

Within the framework of the National Anti-Corruption Programme, the National Bank of Hungary (MNB) joined anti-corruption cooperation of state bodies three years ago, thus also reaffirming its commitment to the continuous development of integrity based organisational culture and value-oriented operation. The National Bank continues to take action against those who may violate legal and ethical rules and applies preventive measures to reinforce integrity and eliminate corruption.

The MNB switched to digital administration this year, which enhances the security of data handling and archiving, and the traceability of processes. The supervisory unit of the National Bank supports the enforcement of control within the institution by splitting up its inspecting and legal organisational units in 2017, by the rotation of inspection supervisors of oversight inspections conducted at the same financial institutions, respectively, by preparing supervisory methodology based on digital data analysis and minimising human risks.

In addition to the above, the National Bank developed and applies a new methodology at the internal quality assurance procedures of its supervisory activity. The unit of the MNB split from the supervisory and consumer protection organisational units continuously reviews the supervision related internal procedural orders and regulations.

As regards the financial institutions supervised by it, the reinforcement of anti-money laundering activities has become one of the authorisation and supervisory focal points of the MNB. Under the requirements of the new regulations, the financial institutions are obliged to prepare an internal risk assessment to map money-laundering, terrorism financing related risks. For this purpose, the MNB prepared a guideline listing the potential risks for the financial institutions supervised by it.

Again, transparency and traceability in the financial markets is promoted by the commitment of the MNB to develop digital and immediate payment services. It meant a considerable change in the sectoral acts of the supervised institutions that the audit of the market players shall only be carried out by auditors having the necessary qualifications (public oversight in the case of bank auditors). Besides, the auditors of institutions of public interest are exempted from the obligation of confidentiality towards the MNB.

During the preparation of the anti-corruption strategy to be implemented in 2019-2022, the MNB proposes, as already applied at the MNB, to establish quality assurance groups providing “doublecheck” control function at the bodies (divided from the internal control organisational units) performing authorisation, supervisory and monitoring tasks; furthermore, it proposes in certain cases to expand the internal regulations on conflict of interest wider than prescribed by the law.