



IA INTEGRITY
AUTHORITY



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President's overview



Ferenc Pál Biró
President

Corruption undermines our nation's economy, erodes our competitiveness, damages our international reputation and image. To create and sustain a fair and efficient economy and to ensure the rise of the nation, **we must unite to fight corruption and the abuse of power and position.** The [establishment of the Integrity Authority](#) is a significant milestone that reflects the commitment of Hungary and the European Commission to fight corruption.

As an **autonomous institution**, the Authority strengthens the separation of powers and spearheads efforts to clean up the economy.

Our first and most important task this year has been to **build an Authority** that, in January 2023, **had virtually nothing** but a handful of dedicated employees, neither its resources nor its own premises. Even though we literally started from scratch, and without any precedent, [in one year we have built a credible institution](#)

that commands respect both at the national level and within the European Union.

During our first year, we also sought to identify systemic problems. We have identified inefficiencies and weaknesses in the public procurement and asset declaration systems. In response to these challenges, we have devised and published [recommendations](#) and **solutions** that consider the scope of the issue, are cost-effective, and offer a quick implementation. Through our reports and the establishment of an [anonymous reporting platform](#), we aim to restore public trust and instill a culture of accountability.

We have made significant progress in our fact-finding work. Alongside our focus on investigations, our efforts during the year to invest in **prevention and to promote a culture of integrity** were equally important. We deeply believe that through ethical and responsible decision-making across the

whole of society, we can reduce the risk of corruption and contribute to sustainable economic development and growth.

In 2023, we have [reviewed 120 billion HUF worth of EU funding](#), demonstrating our commitment to accountability.

Our mission, however, goes beyond implementation. We are driving a **cultural shift** towards zero tolerance of corruption. The [Integrity Academy](#) educates and inspires, while strategic partnerships enhance our impact.

Over the next two years, we will also focus on **strengthening the organisation** and building effective operations. We will continue to prioritise the recruitment of high-calibre professionals and the development of a values-led culture within the Authority.

In addition to human and material resources, our institution needs to have two mutually supportive but also intrinsically stable pillars to fulfil its statutory tasks. These are the **Authority's autonomy and its powers**.

[The autonomy and self-governance of our organisation are guaranteed by law](#). It is essential that this is preserved, ensuring that the Authority remains free from external influence

and political agenda. By **preserving our institutional independence**, we can continue to maintain the highest standards of organisational governance and effectively fight corruption.

However, the Authority's **powers are not a given**. On the one hand, it (yet) remains notably limited in comparison to analogous entities within other EU Member States and the guidelines set forth by international organizations such as the OECD. On the other hand, its current powers lack synchronization within the Hungarian legal system and frequently prove unenforceable.

Partially due to this factor, **collaboration with state organizations is not seamless**, and systemic access to critical information is not assured.

For the Integrity Authority to effectively fulfil its intended purpose, it is imperative that the **matter of its powers be promptly addressed**.

This stands as the first and foremost priority for the Authority, and it is with this matter that the Authority **seeks the support of the Hungarian Government, Parliament, and the European Commission**.

Let us jointly build a Hungary where integrity and accountability prevail!

Budapest, 11. March 2024

Ferenc Pál Biró
President



Foundation

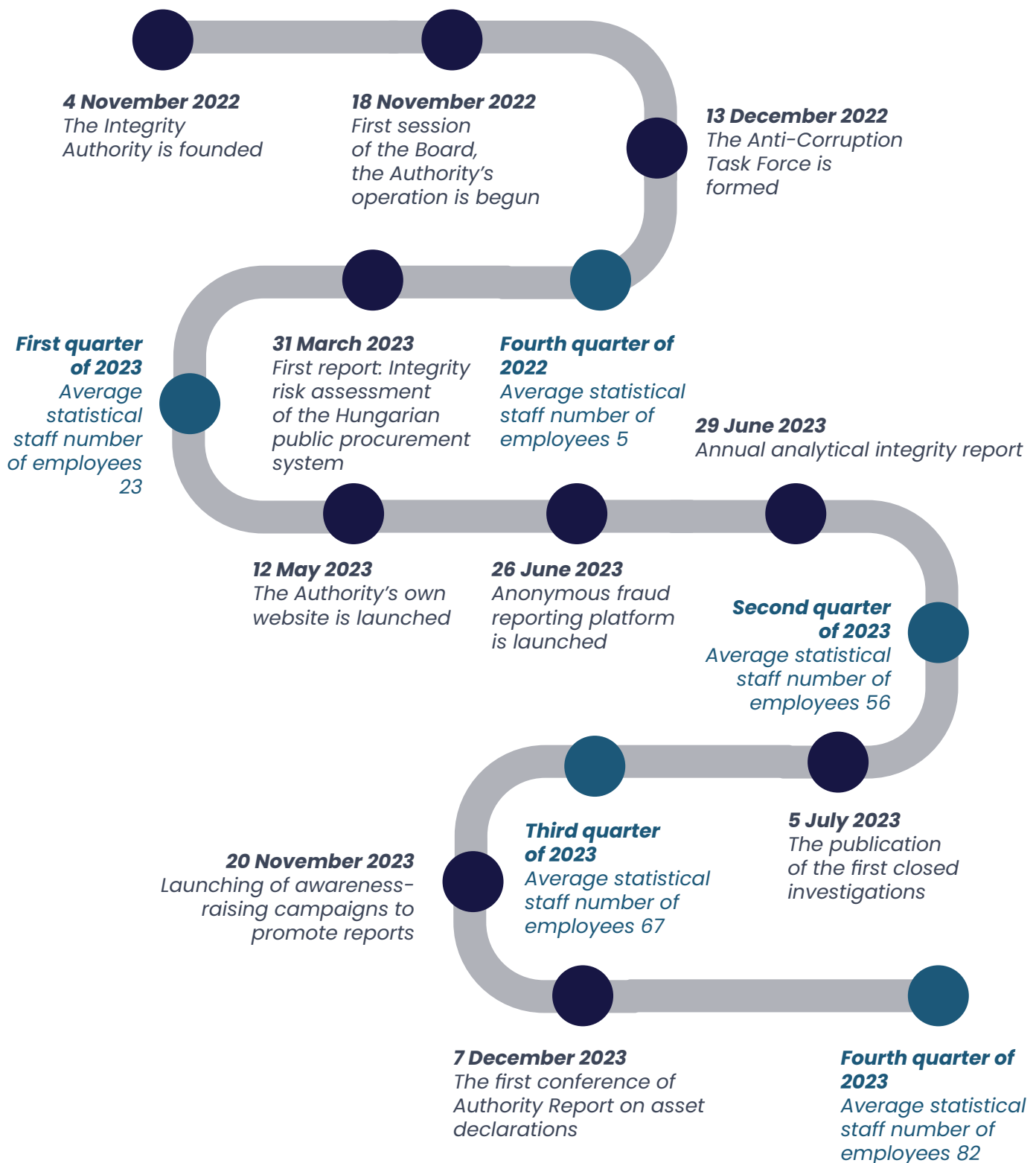
The foundation of the Authority as a milestone

The Authority is an autonomous state administration organ created by Act XXVII of 2022 (Eufetv.) on 4 November 2022. According to the definition of the ministerial justification of Act XXVII of 2022, **Hungary**, as a member state of the European Union, **has undertaken the foundation of the Authority as part of the** execution of the regime of conditionality defined by the European Commission for the protection of the Union budget, i.e., **the so-called conditionality mechanism, a sort of corrective measure, a milestone** to enhance the effectiveness of the fight against corruption concerning the use of European Union funds provided to Hungary and improve public procurement competition.

In addition to the fact that ACT XXVII of 2022 ascribes several investigative, analytical, and controlling duties (for more details, see chapter 3 on the tasks and results of the Authority), **the first and most important task of the Authority in its first year of operation was to create an operating organisation because the Authority had been**

created with no precedent, staff, or tools. The Authority is a unique organisation within the Hungarian legal system because similar, independent autonomous organisation created without any precedent had not been founded in Hungary for decades. As a new organisation, the Authority faced serious expectations right from the first day, in respect of which it must be made clear that setting up such an institution from one day to the other is not feasible. As a new organisation, the Authority pays special attention to ensuring that its responsibilities and objectives are known and understood by society through the awareness-raising activities described in chapter 5.

With regard to the process of setting up the organisation, the Authority foresees a period of at least 2 years. At the end of this period, it will reach its full capacity and be able to properly perform its duties defined by the law. Concerning the latter, chapter 2 covers the obstacles to the performance of the Authority's tasks identified during its first year of operation.



As also outlined in this figure, the increase in the number of employees of the Authority in the year 2023 was especially intensive. Right from the beginning, the Authority has put emphasis on the recruitment of experts who have already proven their expertise in their respective field of profession. Their number,

from (3 November 2022) the initial 3 (the president and the two vice-presidents), increased to 81 by 31 December 2023. Furthermore, the applications of 17 more people set to join in 2024 were accepted. The Authority is planning to further expand this number; therefore recruitment is ongoing.

The division of the 81 employees is as follows



The organisational chart of the Authority is available on [its website](#).



The Authority's place in the Hungarian law - independence, autonomy

The Authority is an autonomous state administration organ created by the National Assembly. It is completely independent in the performance of its tasks, subordinated only to law. The Authority may not be instructed by another person or organ in the exercise of its functions, and may be obliged to perform its tasks separately from other organs and without any interference from any other institution, organ, political party, company, association, or legal or natural person. The tasks of the Authority may be set out only in an act.

The employees of the Authority were selected from amongst already proven administration and business professionals. They assist the operation of the Authority with their impartiality and expertise,

while performing their activities by paying special attention to the strict independence and conflict of interest requirements.

The organisational independence of the Authority is guaranteed by the selection procedure of the Authority's leaders conducted by the Eligibility Committee and their appointment by the President of the Republic on the proposal of the president of the State Audit Office. Its organisational and operational independence is made complete by its budgetary autonomy. The Authority draws up the proposal for its budget, then the Government submits them without change to the National Assembly as part of a legislative proposal. The budget may be reduced only with the consent of the Authority.

Board

Leaders



The Board of the Authority is the main decision-making body of the Authority that is composed of the president and two vice-presidents of the Authority. The president and his vice-presidents were appointed on 4 November 2022 by the President of the Republic on the proposal of the President of the State Audit Office (ÁSZ) for six years. The first president of the Authority is **Ferenc Biró**, his first vice-presidents

are **Tímea Holbusz** and **Dr. Kálmán Dabóczy**. Their detailed curriculum vitae are available on the [website](#) of the Authority. The Authority is headed by the president, who discharges his duties in cooperation with two vice-presidents on the Board of the Authority. The president exercises the functions and powers of the Authority in accordance with the decision of the Board of the Authority.

In 2023, the Board of the Authority held 16 board meetings and made 65 conclusive decisions, with the following breakdown based on their content:

- 4 The Board made a decision on the application procedure and selection of members of the Task Force representing non-governmental actors on 4 occasions
- 3 on the adoption of reports drawn up by the Authority on 3 occasions (report on integrity risk assessment, annual analytical integrity report, case report regarding systems of declaration of assets),
- 27 on launching an investigation initiated by the Investigation Office in 27 cases
- 5 on reports closing investigation procedures in 5 cases, and on the initiation of filing a complaint in one case
- 12 on the review of the status of cases concerning reports, applications, and complaints of public interest tendered to the Authority on 12 occasions
- 2 on the approval of 2 cooperation agreements that the Authority has concluded with other state organs
- 1 and acknowledged the annual report of the office manager of the Quality Management Office on 1 occasion



Impediments to the effective performance of tasks

Act XXVII of 2022 has vested the Authority with several functions and powers, for the performance of which it requires, amongst other things, appropriate powers and data stored by other organisations. In the past year, the Authority has gained valuable experience regarding the practical applicability of the law and has **identified the following circumstances impeding the effective performance of its tasks:**

1. The application of certain existing powers is not possible:

Many times, in practice, the legislative frameworks of the functions and powers provided for in Act XXVII of 2022 are not suitable for facilitating the legislative purpose intended as the task of the Authority. According to the experience of the Authority, for its effective operation, it is also required that the conditions for the performance of the tasks assigned to the Authority be present in the entirety of the Hungarian legal system, so that

certain sectoral laws shall also name the Authority eligible for taking action.

2. Unspecified powers necessary for the performance of tasks:

There are powers that were not specified in the provisions of Act XXVII of 2022; however, the Authority needs them to effectively perform the tasks it was entrusted with.

In order to expand its powers, the Authority has examined the sort of powers anti-corruption authorities in other European Union member states are vested with, the sort of sanctions associated to their powers, and the sort of differences compared to Hungarian regulations. Over the course of the research, the Authority has examined the regulatory environment concerning Slovenian, Latvian, Italian, Lithuanian, Romanian, and Greek anti-corruption authorities, the findings of which are summarised in the following figure:

¹ The objectives of anti-corruption authorities inside the European Union are similar everywhere: bringing down fraud, conflict of interest, and corruption, which entails similar powers.



*Abbreviations: ANAC: Autorità Nazionale Anticorruzione – Italian anti-corruption authority, ANI: Agenția Națională de Integritate – Romanian anti-corruption authority, KNAB: Korupcijas novēršanas un apkarošanas birojs – Latvian anti-corruption authority, KPK: Komisija za preprečevanje korupcije – Slovenian anti-corruption authority, NTA: National Transparency Authority – Greek anti-corruption authority, STT: Specialiųjų tyrimų tarnyba – Lithuanian anti-corruption authority

This international comparative analysis of the Authority also shows that **the Authority is not vested with enough powers concerning several of its functions**. It is evident that the explored anti-corruption authorities of EU member states

- have a wider range of powers,
- pay more attention to the opportunities of preventive actions,
- have more freedom in imposing sanctions.

On the international stage, the Authority has identified **the Lithuanian STT and the Latvian KNAB** as internationally recognised authorities that are able and willing to effectively perform their tasks and are vested with sufficient powers. In fact, the recommendations of all international actors and the OECD point to these authorities as recognised national anti-corruption organisations that are vested with sufficient powers and

are able to achieve tangible results. The Latvian authority is, amongst other things, entitled to hold public officials who committed illegalities administratively accountable, to impose sanctions against them in this regard, and to perform investigative and operative activities concerning corruption offenses. It has a broad right of access to data (e.g., it has access to all information stored in public registers, the registration of which is provided for by law), and is entitled to request data regardless of confidentiality rules, which, in certain situations, extends to data managed by credit institutions. It is entitled to elaborate the strategy and national anti-corruption programme aimed at preventing and bringing down corruption, put forward legislative proposals, conduct opinion polls and analyses, perform educational activities, and elaborate PR strategies.

On that basis, for **effective and successful financial management of the European Union budget, it is essential that**

1. the Authority be vested with further powers, and that

2. the rules of already specified powers be made implementable.

The Authority has initiated consultation with the Hungarian Ministry of Justice and the Ministry of European Union Affairs regarding the extension of its powers and the modification of the regulatory frameworks.

The powers essential for the proper functioning of the Authority and the performance of its tasks provided for in law cover (not comprehensively) the following areas:

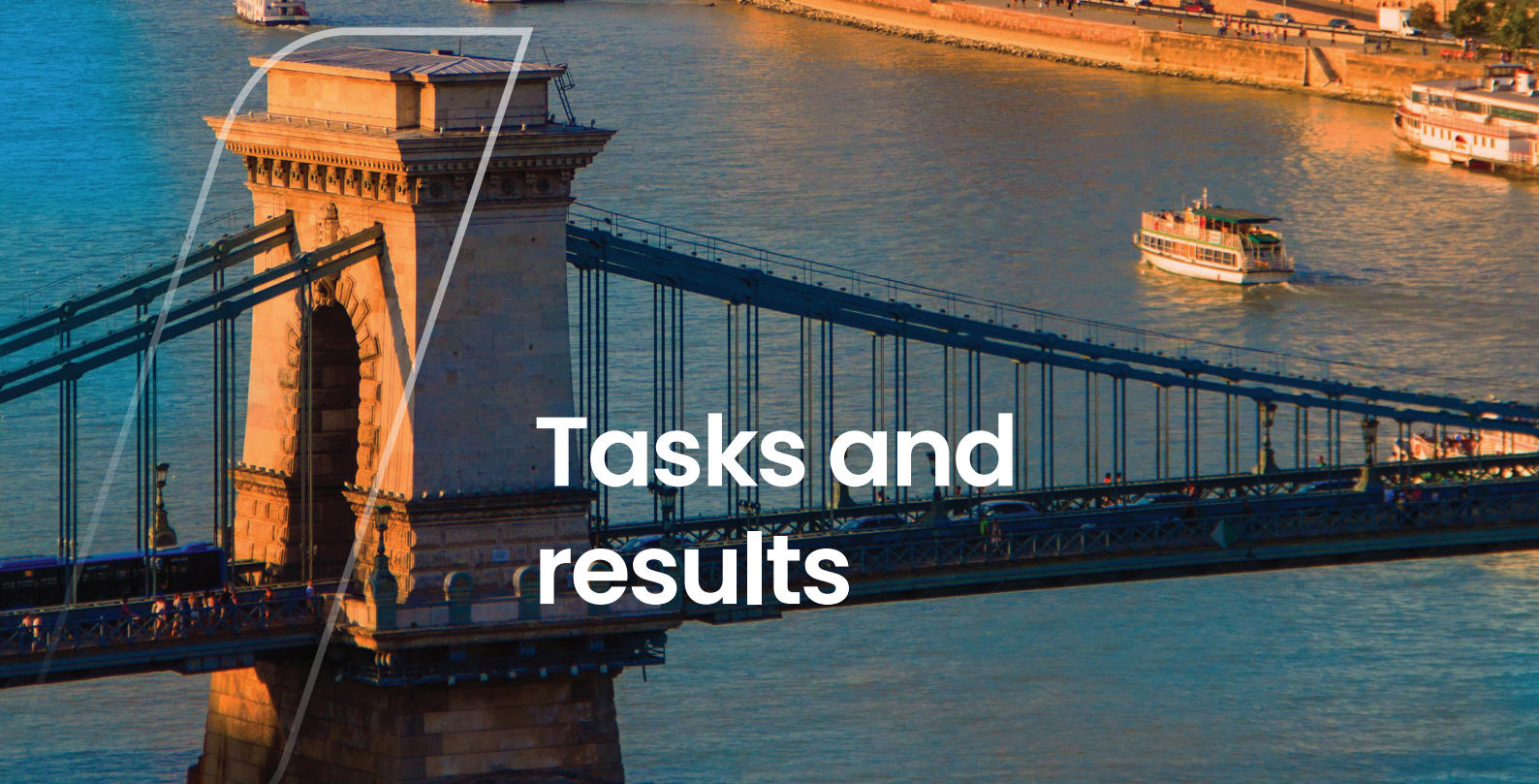
- substantive, direct, electronic **access to basic data and databases,**
- **strengthening investigative powers**

(e.g., the possibility to search sites without prior notice, impose fines, and check the data-storage media owned by any organisation under investigation and financial, legal, and other data stored thereon, using forensic tools),

- **making recommendations**

mandatory proposed in the report closing the investigation of the Authority – providing the Authority with additional procedural means to monitor and enforce their implementation,

- the Authority may, to the extent necessary for conducting its procedures, **obtain** and receive **all banking, tax, and insurance secrets,** any financial, legal and other **data and secret** protected by law, **by means of a direct data link** between the body or organisation possessing the data and the Authority.



Tasks and results

In the year 2023, in parallel to building up the organisation, the Authority started its operation and, with it, its high-quality professional work. In this chapter, the tasks of the Authority specified by Act XXVII of 2022 and other acts are presented through four separate areas (investigative, administrative, analytical, and control tasks) as shown also in the following figure.

Investigative functions and powers	Administrative authority powers	Analytical and proposal making tasks	control task
<ul style="list-style-type: none">• may conduct investigation procedures• may call upon an organisation vested with functions and powers regarding the control of the use of European Union funds to institute proceedings• may apply to another organ for the initiation of proceedings• may bring before the court actions for failure to act and other actions	<ul style="list-style-type: none">• conducts administrative audits in connection with public procurements financed or planned to be financed, in part or in whole, from European Union funds• may impose information obligations as regards public procurements financed from European Union funds• maintains a register of legal persons, individual firms and private entrepreneurs who are excluded, in connection with certain criminal offences, from public procurement procedures	<ul style="list-style-type: none">• prepares an analytical integrity report every year• issues recommendations on an annual or ad hoc basis• prepares integrity risk assessments	<ul style="list-style-type: none">• Control of the Internal Audit and Integrity Directorate (BEII)• Control of declarations of conflict of interest of the Internal Audit and Integrity Directorate and Directorate General for Audit of European Funds (EUTAF)• Control of certain declarations of assets

It is important to stress that, due to the powers presented in chapter 2 and the lack of access to data, the Authority could not fully begin the performance of some of its tasks (e.g., the control of certain declarations of assets, the

registration of individuals excluded from public procurement procedures), while it had begun the performance of other tasks without being able to fully execute them (e.g., the initiation of proceedings of another organ).

Investigative functions and powers

The procedural powers of the Authority can be the following: the investigation procedure of the Authority² (3.1.1), the initiation of proceedings of an organisation vested with functions and powers regarding the use, or the control of the use, of European Union funds (3.1.2), the initiation of proceedings of another organ (3.1.3), and the right to bring an action (3.1.4). Act XXVII of 2022 links all powers to the investigative function in the broader sense.

It should be stressed, however, that the Authority's investigation procedure is aimed at identifying circumstances that adversely affect or may adversely affect the implementation of EU financial support. The wider investigation in the context of rights to initiate proceedings

- aims at discovering whether, in respect of an organisation vested with functions and powers regarding the use, or the control of the use, of European Union funds, it can be identified that the organisation has not taken the necessary steps, for the curbing of which the Authority is obliged to take action, or
- whether a risk that may be equated to section 3 of Act XXVII of 2022 can be revealed, which could serve as a basis for proceedings by other organs, and therefore proceedings by another organ must be initiated, or
- whether a risk that may be equated to section 3 of Act XXVII of 2022 can be revealed because of which the Authority has the right to bring an action.

The investigation procedure of the Authority

The introduction of an anonymous fraud reporting system

In accordance with subsection (4) of section 4 of Act XXVII of 2022, with a view to receiving reports and complaints, the Authority shall maintain a reporting interface that ensures the anonymity of reporting persons and complainants and enables confidential communication. Since its foundation, the Authority has ensured that anyone could report illegalities covered by the functions of the Authority to the email address panasz@integritashatosag.hu established and maintained for this purpose. Then, in June 2023, it

also launched the [anonymous fraud reporting](#) system available on its website, through which corruption, fraud, conflict of interest concerning European Union funds can be reported. The Authority institutes a proceeding on the basis of each report, which is then followed by the launching of an investigation if the matter falls within the scope of its powers. From 20 November 2023 onward, the Authority launched a national awareness-raising campaign on the major national and regional online



Anonymous fraud reporting

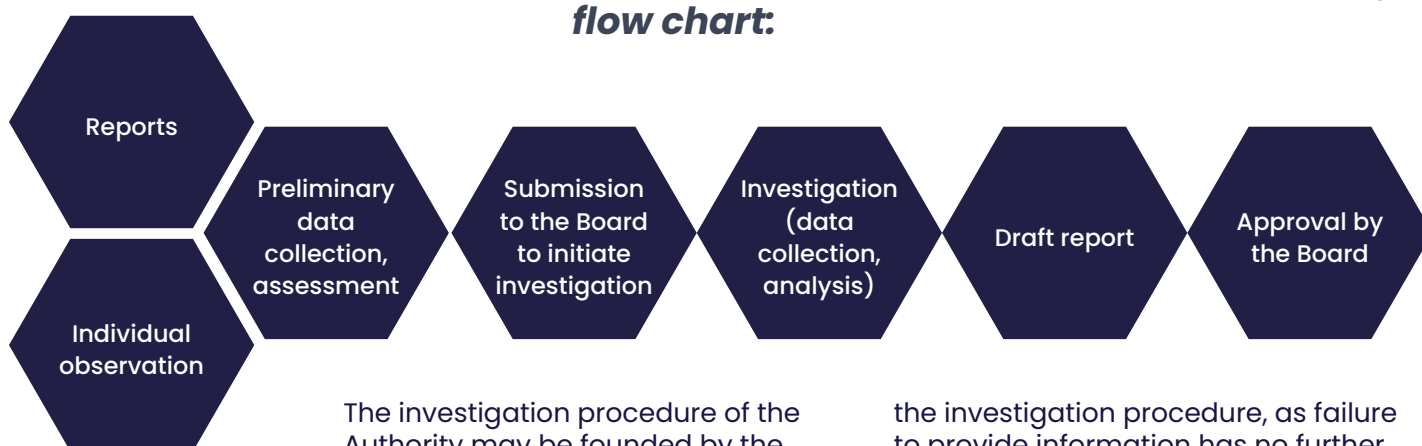
² Article 7 of chapter 3 of Act XXVII of 2022

media platform. The objective of the 20-day campaign was to promote the fraud reporting platform of the Authority, and help bring about change in the business culture for the creation of the social foundations of zero tolerance against corruption. During the campaign, training videos were prepared on the use and anonymous operation of the reporting system, the importance of the national fight against corruption, and, besides

the publication of native advertising stories and banner ads, a newsletter campaign targeting businesses was also ongoing. The campaign reached 6 million individual internet users and brought in 50,348 click-throughs (CT) to the reporting page of the Authority. Within 2 months of the launching of the campaign, 25 relevant reports falling within the powers of the Authority were received.

Investigation procedure

The investigation procedure of the Authority is demonstrated by the following flow chart:



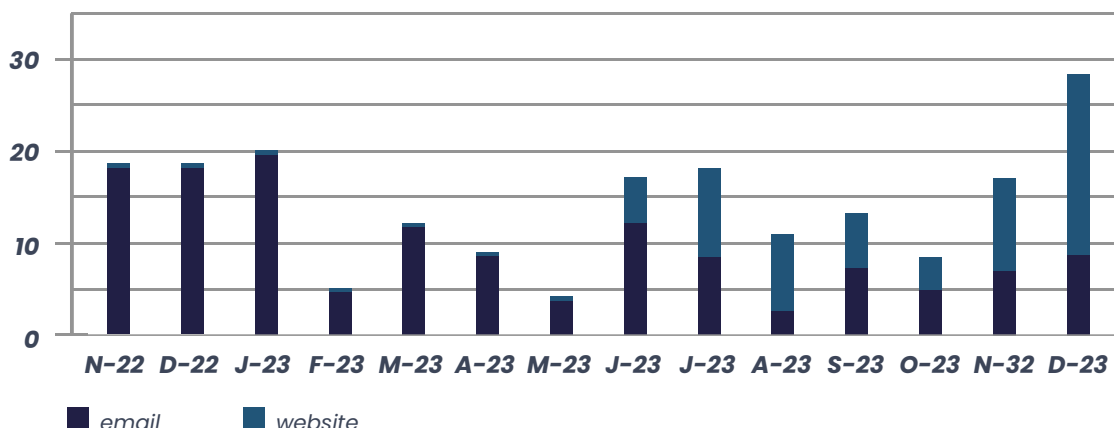
The investigation procedure of the Authority may be founded by the illegality or illegalities identified based on the reports and, in case of proceedings instituted ex officio, the autonomous integrity risk assessment and analysis of the Authority. The objective of the investigation procedure is to identify circumstances or risks that adversely affect or may adversely affect the implementation of EU financial support. The investigation procedure does not constitute an administrative authority procedure, and no administrative court action shall be brought in relation to such activity of the Authority, making it, therefore, an autonomous procedure to which the provisions of Act CL of 2016 on General Public Administration Procedures (Ákr.) are not applicable. It follows that the Authority does not have the fact-finding means and means of evidence provided for in the administrative procedure. Furthermore, the Authority can build upon the voluntary cooperation of the person or organ contacted in the requests for information sent during

the investigation procedure, as failure to provide information has no further legal consequences (e.g., procedural fines), which, therefore, hinders the effectiveness of the investigation procedures.

The Authority cannot perform, over the course of its investigation procedures, any direct act of evidentiary nature to investigate the relevant facts because, to perform such activities, it may only call upon competent organisations (typically the managing authority of the project in question) vested with functions and powers regarding the control of the use of European Union funds that conduct these checks on behalf of the Authority.

Between the foundation of the Authority and 31 December 2023, 215 reports were received, of which 148 were in the form an email, while 67 through the anonymous reporting interface launched in June 2023. While only 1-2 percent of incoming information in complex compliance regimes in the private sector is relevant, more than 20 percent of reports received by the Authority contain substantive information.

Monthly breakdown of reports / complaints



Of the total number of reports received, 114 (53% of the total number of reports) concern European Union funds, which, therefore, fall within the

powers of the Authority (the remaining 101 do not fall within the powers of Authority).

Of the 114 reports that fall within its powers, investigation was concluded in

- 5

5 cases in 2023, the summary of which reports was published by the Authority on its website
- 16

investigations are still in progress in 16 cases
- 3

cases are to be submitted
- 31

data collection for submission is in progress in 31 cases
- 53

and in 53 cases, the Authority has found that the information present in the reports is not founded, based on which launching an investigation is not justified.³

The Authority conducts its own risk analysis, using publicly accessible data, while taking into account the risk indicators defined in the integrity risk assessment. As a result, investigation

was launched in a total of 6 cases, while in 11 cases, the risk analysis is in progress for the preparation of a possible investigation. The Authority assesses the

³ Further 6 reports have been merged with an ongoing investigation because the content of those reports matched with the subject matter/ scope of an ongoing investigation.

information obtained in the course of the investigation procedure by issuing a report, in which it calls upon the organisations concerned to implement proposals for action, and drafts ad hoc recommendations typically for the organisations of the investigated programme that was designated for the performance of the tasks of the managing authority. In the case of such power of the Authority, it must be noted that the requested organisation is obliged to inform the Authority of the implementation of the proposals for action, or of its disagreement with the proposals. The latter must be justified. Should the Authority consider

inappropriate the implementation of its proposals for action, it may apply to the competent authority or court. Until 31 December 2023, the Authority **drafted** a total of **19 measures and 12 recommendations** over the course of the 5 investigation it concluded. Based on the investigative experience and analytical activities of the past year, the Authority has drafted recommendations for the managing authorities for the effective and responsible use of incoming European Union funds. These recommendations were sent to the⁴ leaders of the Managing Authorities conducting the control of various programmes in early February 2024.

Institution of proceedings of an organisation vested with functions and powers regarding the use, or the control of the use, of European Union funds

The Authority may, in exercising its investigative functions and powers, call upon organisations vested with functions and powers regarding the control of the use of European Union funds to institute independent proceedings. In this regard, the Authority may request an organisation – which is obliged to institute its proceedings ex officio, and acts in accordance with the rules on its control –, vested with functions and powers regarding the control of the use of European Union funds to carry out acts of evidentiary nature on its behalf.

The requested organ may reject a call from the Authority only if complying with it would result in a violation of law. In these proceedings, the Authority has the status of a party, so that it may comment or request information from the organ acting on its behalf, which is subject to the mutual cooperation obligation, therefore, it must inform the Authority of the commencement of its proceedings and the outcome of its proceedings. The Authority, along with the competent managing authority, participated in 2 on-the-spot inspections in the year 2023.

⁴ RRF (Recovery and Resilience Facility, programming period 2021–2027), EDOP (Economic Development Operational Programme, programming period 2007–2013), EDIOP (Economic Development and Innovation Operational Programme, programming period 2014–2020), EDIOP Plus (Economic Development and Innovation Operational Programme, programming period 2021–2027), HRDOP (Human Resources Development Operational Programme, programming period 2014–2020), HRDOP Plus (Human Resources Development Operational Programme, programming period 2021–2027), FEAD OP (Operational Programme for Supporting Socially Disadvantaged Persons), ITOP (Integrated Transport Development Operational Programme, programming period 2014–2020), ITOP Plus (Integrated Transport Development Operational Programme, programming period 2021–2027), TSDOP (Territorial and Settlement Development Operational Programme, programming period 2014–2020), TSDOP Plus (Territorial and Settlement Development Operational Programme, programming period 2021–2027), CCHOP (Competitive Central-Hungary Operational Programme, programming period 2014–2020)

Initiation of proceedings of another organ

The Authority may initiate, within the framework of its investigative functions and powers, the proceedings of another organ, as it may not adopt the functions and powers of

another organ, it is obliged only to initiate proceedings if it observes circumstances or reasons that provide a basis for the proceedings of another organ.

Motion for revision

The Authority is entitled to submit a motion for revision in accordance with section 27/A. of Act XXVII of 2022 and the provisions of Act XC of 2017 on the Code of Criminal Procedure (Be.)⁵ if the prosecutor's office or the investigating authority rejects a complaint filed for a special criminal offence related to the exercise of public authority or the management of public property, or terminates the investigation within one month of the public disclosure of this anonymised conclusive decision. In the year 2023, the Authority **processed** a total of **315 anonymised conclusive decisions**, of which 235 were delivered by the prosecutor's office, 76 by police department, and 4 by the National Taxation and Customs Administration. The investigating authority rejected the complaints in 91 percent of the conclusive decisions, while in the remaining 9 percent, it decided to terminate the investigation. Of the investigated conclusive decisions, the Authority submitted a motion for revision in **6 cases** until 31 December 2023, of which 4 cases concerned the use of European Union funds as well. **In 1 case, the competent**

prosecutor's office admitted the motion for revision of the Authority, abrogated the conclusive decision that had terminated the investigation, and ordered the continuation of the proceeding. The investigation authority terminated the proceeding in the case once again. The Authority submitted another motion for revision against the new termination decision, which was rejected by the Central District Court of Buda. Further 4 cases of conclusive decisions involving a motion for revision were received by the Central District Court of Buda responsible in conducting their assessment. **In one of the cases, the court rejected the motion for revision put forward by the Authority, while admitting it in three other cases**; it abrogated the conclusive decision of the investigating authority, therefore launching and continuing, without a separate decision, the investigation with the court order. These proceedings did not end in the year 2023. The remaining 1 motion for revision submitted by the Authority was not assessed in the year 2023.

Filing a complaint

In accordance with Act XC of 2017⁶ the public official of the Authority is subject to a reporting obligation if it becomes aware of an offense subject to public prosecution in its powers. In the year 2023, the Authority **filed a complaint on two occasions**: based

upon a public-interest report in one case, while in the other as a result of an investigation procedure conducted by the Authority, **of which it informed, at the same time, both OLAF and the European Public Prosecutor's Office.**

⁵ Subsection (7) of section 817/C.

⁶ Subsection (2) of section 376 of Act XC of 2017

Initiation of the proceeding of the Hungarian Competition Authority

Where the Authority considers that it is justified, on the basis of evidence in its possession, to institute a competition supervision proceeding, it may forward the evidence available to it to the Hungarian Competition Authority (GVH). Based on its investigation procedures conducted in the year

2023, the Authority identified a circumstance based on which it issued a report **to the Hungarian Competition Authority in one case** which, based on the indication of the Authority, instituted a competition supervision proceeding.

Irregularity proceedings

If in the course of its investigation the Authority detects a suspicion of irregularity, it is entitled to apply to the competent managing authority or, in the case of a project financed from the Recovery and Resilience Facility, the national authority for the initiation of an irregularity proceeding

in accordance with the provisions of the legislation governing the use of European Union funds. Over the course of its 5 concluded investigations, the Authority called upon the managing authority concerned to conduct an irregularity proceeding on **two occasions**.

Initiation of the proceeding of the Public Procurement Arbitration Board

If the Authority becomes aware of any conduct or omission that is in breach of the Act on public procurements or a decree adopted on the basis of authorisation by the Act on public procurements, it may apply to the Public Procurement Arbitration Board for the initiation of proceedings pursuant to Act CXLIII of 2015 on public procurement (Kbt.).⁷ The Authority

applied to the Public Procurement Arbitration Board for the initiation of proceedings on two occasions in 2023. In one case, it initiated a remedy proceeding on its own initiative based on information accessible from public sources, while it based its other initiative on the information revealed by the investigation procedure it had conducted.

Initiation of contentious proceedings

Within its investigative functions and powers, the Authority may bring before the court actions for failure to act and other actions. The concept of failure to act is defined by Act I of 2017 on the Code of Administrative Court Procedure (Kp.)⁸, but Act XXVII of 2022 does name two cases where the Authority is entitled to take action for failure to act. Therefore, the Authority is entitled to take action for failure to act if, (i) during the investigation procedure, the requested organisation does not carry out the acts of evidentiary nature in accordance with subsection (2) of section 18 of Act XXVII of 2022, and (ii)

the organisation vested with functions and powers fails to comply with the request of the Authority for initiation of proceedings. The right of the Authority to bring an action was specified in Act I of 2017⁹ as well.

It must be stressed that the Authority may not take action exclusively in the case of failures to act, but may challenge the decision of the Public Procurement Arbitration Board in administrative court actions. In 2023, **the Authority brought in an administrative court action** against the order of the Public Procurement Arbitration Board **on one occasion**.

⁷ Point o) of subsection (1) of section 152

⁸ Section 127 of Act I of 2017

⁹ Point c) of subsection (1) of section 128 of Act I of 2017

Administrative authority powers

Administrative audit in connection with public procurements

The Authority may carry out an investigation relating to a public procurement implemented, using European Union funds within the framework of an administrative audit within the meaning of Act CL of 2016, therefore, in such proceedings, the Authority acts in its capacity as an administrative authority. In doing so, the Authority may also order

the suspension of the procurement procedure under audit for a period of two months.

In 2023, the Authority **used its possibility to intervene on one occasion, as a result of which the contracting authority concerned withdrew its public procurement procedure under administrative audit.**

Provision of information obligation in public procurements

The Authority may in a conclusive decision oblige contracting authorities to inform, in specific cases, the Authority of launching a public procurement procedure that is financed, using European Union funds. In the conclusive decision, the Authority must determine the sectors, subject-matters of procurement, and thresholds regarding which it requests information.

The Authority shall determine and publish in advance the risk indicators, the legal practice of courts, the Public Procurement Arbitration

Board or other authorities, or the monitoring experience of the European Commission or national controlling organisations, on the basis of which it requests information in its conclusive decision.

The obligation to suspend the public procurement procedure and to provide information threatens to lead to legal consequences. The Authority is entitled to impose an administrative fine. In 2023, the Authority did not impose any information obligation; moreover, there were no instances of an administrative fine being imposed.

Keeping of a register of operators excluded from public procurement procedures

Chapter IV of Act XXVII of 2022 imposes on the Authority the obligation to keep a register of economic operators excluded from public procurement procedures. In exercising such powers, the Authority also acts by exercising official authority, and carries out the registration procedure *ex officio*, but where it becomes aware of the data giving rise to the opening of the registration procedure on the basis of a complaint or report, it has the obligation to issue a request to the competent authority.

The registration obligation extends to

those legal persons, individual firms and private entrepreneurs who have been excluded, in connection with certain criminal offences, from public procurement procedure by a legally binding court ruling.

The register has a double objective: on the one hand, the determination of the duration of exclusion by the Authority; on the other, the register serves as a method of verification as well, where the contracting authorities can check, during the public procurement procedure, whether there is a ground for exclusion concerning the

given economic operator in accordance with Act CXLI of 2015¹⁰ Act XXVII of 2022 allows the economic operator to self-clean, to declare, in this respect, its measures taken, and submit its related evidence. The Authority shall, within twenty days, decide whether to include the economic operator in the register. The Authority shall, when making the decision, assess the gravity of the criminal offense and the specific circumstances.

As also shown by the Authority in chapter 2, the Authority needs data to perform its registration tasks, in connection with which it ran into obstacles based on the experiences of the

past year. The Authority is entitled to direct data link regarding the data of the company information system, the private entrepreneur register, the beneficial owner register system, and the criminal records system.

In order to establish the direct data link, the Authority conducted numerous consultations in 2023 with the governmental actors managing the registers for the planning and formulation of necessary technical, developmental, and administrative tasks, during which the Authority found that the commissioning of the register can take place only after the necessary legislative amendments.

Analytical duties and recommendations

Preparation of reports

In the course of its operation, the Authority conducts analyses, and in this context, it is subject to a regular and ad hoc reporting obligation, as stipulated by Act XXVII of 2022 establishing the Authority (Eufetv.). The Authority publishes its reports on its website.

In its reports, the Authority formulates recommendations to, among other things, facilitate the enhancement of Hungary's public procurement system, EU funds system and asset declaration system as detailed below.

The Authority published its first Integrity Risk Assessment of the Hungarian Public Procurement System on 31 March 2023, based on Pillar IV of the internationally recognised MAPS (Methodology for Assessing Procurement Systems). The Authority found that the legal framework for public procurements in Hungary is fundamentally in line with international standards and guidelines, there are detailed laws on disclosures, and the data on public procurement procedures are public. Nevertheless, the system as a whole is still dysfunctional and drives up costs, and this results in a lack of confidence

in the public procurement system and thus anaemic competition and a rise in corruption risks. **In its assessment, the Authority formulated 20 recommendations.** In accordance with its legal obligation, the Authority prepared and published its [Analytical Integrity Report](#) Analytical Integrity Report by 30 June 2023, examining the developments in the public procurement market, the effectiveness of the regulatory environment and the practice of framework agreements, and assessed the control system for European Union funds. The Authority has established that the data coming from Hungarian institutions are fragmented, sometimes incomplete, and the information is often not verified. Regarding **the almost 50 recommendations in the report**, the Government sent its response to the Authority on 29 September 2023. The Authority's summary of the Government's stance on this was sent to the Government on 6 December 2023.

On 7 December 2023, the Authority published an ad hoc report on the operation of the Hungarian asset declaration system, **putting forward**



Analytical Integrity Report

¹⁰ Subpoints aa) and ag) of point a) of subsection (1) of section 62

18 recommendations to improve the regulation by presenting specific international best practices. The Authority found that a uniform electronic system should be developed for asset declarations, which could ensure a risk-based approach to audits, as described in the 2022 Integrity Report. In the Authority's opinion, these centralised and automatic risk-based audits could be effective if there was a direct

data link to the relevant databases (e.g. National Tax and Customs Administration personal income tax declarations, property and vehicle register, personal data and address register, company register). To this end, the auditing institutional system needs to be equipped with the necessary human and IT assets, knowledge and methodology to make audits more efficient.

Providing opinion on laws

Acting as an autonomous public administration body, the Authority participates in the legislative process in a consultative role.

By virtue of its powers related to public procurement, the Authority exercised its right to provide opinion on laws several times, as detailed below:

- on 17 July 2023 it sent its opinion on the draft law on the activities of specialised public procurement consultants, and the compulsory professional training of specialised public procurement consultants to the Prime Minister's Office;
- on 17 July 2023 it sent its opinion on a proposal about the amendment of certain government decrees concerning public procurement to the Cabinet Office of the Prime Minister;
- on 28 September 2023 it sent its

opinion on the amendment of Section 54 of the Eufetv. to the Ministry of Interior;

- on 7 November 2023 it sent its opinion on a proposal about the amendment of the PPA and Act XCIII of 1990 on Duties to the Cabinet Office of the Prime Minister.

Due to the short time allowed for submitting its opinion, the Authority was unable to exercise its right to comment on one occasion, which was communicated to the Prime Minister's Office on 17 July 2023.

The Authority stated that the main way to convey the experiences about the application of the law was commenting on laws, therefore the appropriate amount of time should be allowed to adopt an informed stance.

The audit tasks of the Authority

Tasks related to selecting the employees of the Directorate of Internal Audit and Integrity (BEII)

Pursuant to Act CXXV of 2018 on Government Administration (Kit.), the Authority has dual powers of approval and auditing in connection with selecting the employees of the BEII. The Authority's ability to effectively exercise its powers of approval and auditing in connection with selecting the employees of the BEII was greatly facilitated by the Selection Policy

issued by the director of the BEII on 14 June 2023 and approved by the president of the Authority, as well as the cooperation agreement between the BEII and the Authority finalised in March 2023 and signed on 20 September 2023. The Authority could actually start the audits of the BEII only after these two documents came into effect.

a) In accordance with the Kit,¹¹ the Authority commented on and later approved the objective selection criteria for the BEII's employees in 2023. After its establishment, the BEII's headcount surged in 2023, and the Directorate sent more than 30 draft vacancy notices to the Authority to seek its opinion and approval regarding the objective considerations in the selection criteria and the advantages. The BEII always published the vacancy notices having taken into account and implemented the Authority's comments and proposed changes. The comments of the Authority made while giving its opinion about the objective selection criteria were used and incorporated into the

texts of subsequent vacancy notices in 2023.

b) The Authority launched two audits in 2023 in accordance with the Kit,¹² concerning four vacancy notices and the related selection procedures. These audits were already terminated at the time of writing the present report, and they are now in the report preparation phase.

Based on the experiences of the selection procedure audits in 2023, the Authority will make recommendations to fine-tune the Selection Policy of the BEII and the practical implementation of the selection procedures. The Authority will also incorporate these experiences into its own audit methodology.

Auditing the operation of the BEII

Pursuant to Section 5(5) of the Eufetv. and the Kit,¹³ the Authority started to audit the operation of the BEII in 2023, during which it examines the implementation of the rules of procedure and the adherence to the policies related to the BEII's procedures.

During the operation audit launched in 2023, the Authority inspects, by way of compliance checks, for example, whether the organisational framework and internal control instruments ensuring the operation of the BEII have been set up in accordance with the prevailing legal environment, along with the processes and controls facilitating implementation. In view of the broadening scope of tasks within the organisation of the BEII in 2023, the audit also covers an overview of the implementation and documentation of the tasks of the individual organisational units as provided for in the rules of procedure.

The 2023 annual report prepared by the director of the BEII in March 2023 pursuant to the Kit,¹⁴ detailing the activities of the BEII, the quantifiable results and experiences of the completed audits, the measures

taken, the number of incoming reports and the incidents investigated, summarised the experiences about the operation of the BEII in the first quarter alone, so it only forms a partial basis for the operation audit.

The operation audit that was launched in 2023 merely constitutes the first phase in the more detailed understanding of how the duties of the BEII are carried out, therefore the Authority only seeks to focus its audit on checking the main workflows of the BEII's organisational units.

The audit of the BEII's operation is still in progress at the time of writing the present report.

The operation audit of the BEII launched in 2023 could lay the groundwork for the additional themes of the 2024 operation audit, as well as the targeted or follow-up inspections, as appropriate.

The experiences gained in the course of the operation audit could also support the Authority in preparing for the audit of the declarations of interests and conflict of interest made by the employees of the BEII in accordance with the Kit.¹⁵

¹¹ Section 29/B(6)

¹² Section 29/B(6)

¹³ Section 29/B(9)

¹⁴ Section 29/B(10)

¹⁵ Section 29/B(9c)

Auditing the declarations of interests and conflict of interest

Pursuant to the Kit,¹⁶ the employees of the BEII are required to make general declarations of interests and conflict of interest upon their employment, then an ad hoc conflict of interest declaration prior to the commencement of any specific procedural action.

In 2023, the Authority started to prepare for auditing declarations of interests and conflict of interest made by the employees of the BEII, including the director, as stipulated by Section 5(4) of the Eufetv. and the Kit.¹⁷ The Authority plans to initiate the audit in 2024, only after incorporating the experiences gained in the first round of the operation audit of the BEII, which is still in progress at the time of writing the present report.

In accordance with the Eutaftv.,¹⁸ the persons nominated to become the director-general and deputy director-general of the Directorate-General for Audit of European Funds (EUTAF) shall declare that there is no conflict of interest regarding their persons pursuant to that law.

In 2023, the Authority started to prepare for auditing declarations of conflict of interest made by the employees of the EUTAF as stipulated by Section 5(4) of the Eufetv., and the veracity of the declaration made pursuant to the Eutaftv.,¹⁹ as well as the conflicts of interest as provided for in the Eutaftv.²⁰ These audits are planned to be launched in 2024, along with the audit of the BEII conflict of interest declarations, or after that.

Auditing asset declarations

In Chapter 4 of its Ad Hoc Report on Asset Declarations, the Authority details its powers in connection with safeguarding and controlling individual asset declarations. As the Authority stated in the present report, **it was unable to begin any meaningful work related to asset declarations in 2023, as it continues to lack a direct, automatic link to the necessary databases.**²¹ The Authority initiated a consultation to gain access to, and receive, all data through a direct data link to the extent necessitated by its procedures,

however, these data were not made available to the Authority in the necessary depth and scope until the closing date of the present report. As required by the Eutaftv.,²² the Authority performed its duties related to managing and safeguarding the asset declaration of the director-general of the Directorate-General for Audit of European Funds in 2023. In accordance with the Eutaftv.,²³ the Authority published on its website, the 2023 asset declaration of the director-general of the Directorate-General for Audit of European Funds in 2023.

¹⁶ Section 29/B(9)

¹⁷ Section 29/B(9c)

¹⁸ Section 28(6)

¹⁹ Section 28(6)

²⁰ Section 28(7)

²¹ The databases described on Page 33 of the Ad Hoc Report on Asset Declarations, such as the personal income tax and beneficial owner databases managed by the NTCA, the Integrated Portal-Based Querying System (IPL) ensuring access to the records managed by the Deputy State Secretariat of the Ministry of Interior for Managing Records, reporting data provided by account-serving banks, various certificate data for enabling the identification of relatives, the company register (OCCR), the EKR (Electronic Public Procurement System) and the EUPR (European Union Programmes System) of the Prime Minister's Office, the IIER (Integrated Governance and Control System) of the Hungarian State Treasury and default registers.

²² Section 29(2)

²³ Section 29(4)

The post of the deputy director-general of the EUTAF is currently unoccupied.

In 2023, the Authority started to audit the veracity of the 2023 asset declaration of the director-general of the Directorate-General for Audit of European Funds as stipulated by the Eutaftv.,²⁴ which is still in progress at the time of writing the present report.

No circumstances giving grounds for auditing the asset declarations of any other person covered by the Eufetv., as detailed in Sections 5(6) and (6a) of the Eufetv., arose in 2023, consequently no other person's asset declaration was audited, and no asset declaration audit procedure was launched in accordance with Section 5(7) of the Eufetv.

Cooperation agreements with Hungarian organisations

Section 8(1) of the Eufetv. allows the Authority to sign agreements with other public bodies and non-state bodies for communication and information exchange, and for facilitating the practical measures related to exercising its powers while performing its duties.

To promote the effective performance of its duties laid down in the Eufetv., in particular the prevention and identification of any conflict of interest during the tenders financed by European Union funds, taking action against infringements related to the state budget and combating corruption offences, and the measures aimed at securing compensation for the damage caused by the offences, the Authority initiated cooperation agreements. However, despite being meaningful and useful, the cooperation agreements prepared by the Authority did not receive support. Essentially, having gone through several rounds of negotiations and modifications, the cooperation agreements no longer serve their intended purpose of promoting and facilitating the Authority's access to data and information.

Accordingly, certain cooperation agreements signed by the Authority only facilitate limited information exchange, due to the mismatch between the Authority's right to access data and information related to its audit procedures as stipulated in the Eufetv. on the one hand, and the reporting authorisations of the cooperating bodies in accordance with the sectoral laws on the other hand.

As of 31 December 2023²⁵ statuses of the cooperation agreements initiated by the Authority were as follows:

- The Authority signed cooperation agreements with the National University of Public Service and the BEII.
- The signing of the agreement already negotiated and accepted by both parties was pending with the GVH, the NTCA and the Hungarian State Treasury.
- Substantial comments were being made on the draft agreements with the Directorate-General for Public Procurement and Supply, the Hungarian National Authority for Data Protection and Freedom of Information and the State Audit Office.

²⁴ Section 29(3)

²⁵ Progress was made in several cooperation agreements in January 2024. As of 31 January 2024, the statuses of the Authority's agreements changed from 31 December 2023 as follows: The Authority signed cooperation agreements with the Hungarian Competition Authority (GVH), the NTCA and the Hungarian State Treasury. The signing of the agreement already negotiated and accepted by both parties was pending with the Hungarian National Authority for Data Protection and Freedom of Information and the State Audit Office.

Anti-Corruption Task Force

The Task Force, operating alongside the Authority, held its inaugural meeting, adopted its rules of procedure and began working on 13 December 2022. Shortly after its establishment, in line with legal requirements, it published its First Annual Report on 14 March 2023. The Task Force is a collegiate body for analysis, proposal, reflection and decision-support, acting independently from the Authority. The 21-strong Task Force comprises ten members delegated by government bodies, ten members selected from non-governmental candidates, and the president of

the Authority, who heads the Task Force. The secretarial duties of the Task Force (organisation of meetings, preparation of the agenda, sending out the proposals) are performed by the Authority. The non-governmental actors in the Task Force are selected by the Board of the Authority in a call for applications, based on the assessment and selection criteria discussed by the Eligibility Committee. The Task Force even has its own [website](#), where the applications and CVs of the civilian members, the minutes of the meetings and the Task Force's reports and other documents can be accessed.



**Anti-Corruption Task
Force website**



International relations

In accordance with Section 8(2) of the Eufetv., the Authority may conclude cooperation agreements with European Union bodies without prejudice to the rules on international cooperation.

To this end, the Authority reached out to several organisations, and the status of these steps as of 31 December 2023 is summarised below:

OLAF (European Anti-Fraud Office)

As soon as it was established, the Authority contacted OLAF and the OLAF Coordination Office within the NTCA. Following regular negotiations, the framework of cooperation with OLAF was agreed upon in an exchange of official letters in December 2023.

EPAC/EACN (European Partners Against Corruption / European contact-point network against corruption)

The EACN is a platform comprising the anti-corruption institutions of European Union Member States and OLAF, while its sister organisation, EPAC, includes more than 90 anti-corruption authorities and police oversight bodies from Council of Europe Member States. The international initiative mostly seeks to reduce corruption and establish and maintain mutual relations in public administration through the cooperation among experts in combating corruption and police oversight bodies. The Authority participated at the EPAC/EACN Conference and General Assembly on 2–3 November 2023, where it was admitted as a member based on the decision of the General Assembly.

OECD (Organisation for Economic Co-operation and Development)

The Authority maintains continuous contact with OECD representatives to involve OECD experts in the preparation of the Authority's reports.

OECD SPIO (Working Party of Senior Public Integrity Officials)

In November 2023, the Authority was Hungary's delegate for the second time at the semi-annual SPIO. The president of the Authority gave a presentation about the Hungarian regulation of the revolving door phenomenon and best practices.

OECD Tech & Analytics Community of Practice

Acting on the proposal of, and assisted by, the Authority, the OECD organised an online professional workshop on developing the infrastructure necessary for data-driven operation in July 2023.

UNODC Global Operational Network of Anti-Corruption Law Enforcement Authorities ("GlobE Network")

Established in 2021, the GlobE Network connects anti-corruption authorities of UN Member States. With help from Hungary's Permanent Mission to the United Nations, the Authority submitted its membership application in October 2023, and it became a GlobE Network member in January 2024, following the endorsement of the Steering Committee.

Policy Forum: Summit for Democracy

At the forum held on 21 March 2023 in Sofia, the Authority was represented by Vice President Dr. Kálmán Dabóczy, who participated at the roundtable discussion called "Asset Declarations, Politically Exposed Companies and Persons".

Policy Forum: Anti-Corruption,

Democratic Resilience and Economic Security

At the forum held on 9 November 2023 in Sofia, the Authority was represented by the president of the Authority, who participated at the roundtable discussion called “Strengthening Public–Private Partnerships against Corruption”.

COSP10 (10th Conference of the States Parties to the United Nations Convention against Corruption)

The Authority attended the 10th Conference of the States Parties to the United Nations Convention Against Corruption in Atlanta, US, held in December 2023.

ENPE (European Network for Public Ethics)

ENPE brings together the authorities concerned with public integrity in European Union Member States. The Network’s mission is to maintain the rule of law, fight corruption and promote good governance. Based on the decision of the ENPE General Meeting, the Authority was admitted as a member on 16 February 2024.

ANAC (Autorità Nazionale Anticorruzione)

On 28 September 2023, an introductory talk was held between the heads of the Authority and ANAC, and as a result the Authority plans to sign a cooperation agreement with ANAC in early 2024.

The Authority reached out to the competent authorities of several EU Member States to facilitate knowledge sharing. To present international best practices in the Ad Hoc Report on Asset Declarations, consultations were held with, among others, **the French High Authority for Transparency in Public Life (Haute Autorité pour la transparence de la vie publique, HATVP)**, **the Special Investigation Service of the Republic of Lithuania (Specialiųjų tyrimų tarnyba, STT)**, **the Chief Official Ethics Commission of Lithuania (Vyriausioji tarnybinės etikos komisija, VTEK/COEC)**, **the National Integrity Agency of Romania (Agentia Nationala de Integritate, ANI)** and **the Slovenian Commission for the Prevention of Corruption (Komisija za preprečevanje korupcije, KPK)**. The Authority also consulted with

the representatives of the OECD and the **Latvian Corruption Prevention and Combating Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB)** on the European Anti-Fraud Programme (EUIP), the Technical Support Instrument (TSI) and other support programmes.

The staff of the Authority participate in an international education programme that mainly seeks to popularise international best practices in combating corruption. The education programme is organised by the **International Law Enforcement Academy (ILEA)** in Budapest, where **FBI experts** share their knowledge with delegated experts from the anti-corruption authorities of invited countries. Moreover, the staff of the Authority also participate at the **ILEA Executive Policy and Development Symposium** organised by the FBI at the ILEA’s education centre in the United States.

TSI (Technical Support Instrument) request

Under the EU TSI programme, the Authority submitted a request to the European Commission through the Ministry of Finance acting as the coordinating authority in October 2023. The TSI provides tailor-made technical expertise to EU Member States to design and implement reforms. The request is currently on the reserve list.

On 7 December 2023, the Authority hosted an **international conference** in Budapest called **“Digital Anti-Corruption – The Practical Application of Artificial Intelligence”**. The event sought to provide an opportunity for joint reflection and an exchange of experiences to representatives from business, academia, civil society and the public sector, discussing everything from ideas to basic research and recommended actions to best practices in the market. The presenters included leading Hungarian and international experts of fraud detection, data analysis and artificial intelligence from public administration, higher education, research and business.

The conference welcomed 150 registered participants.



Awareness-raising and culture change

The objectives of the Authority

Besides formulating proposals and recommendations to improve the overall operation, transparency and efficiency of the institutional system managing funds to enable the detection, correction and prevention of irregularities, an important objective of the Authority is to create a clean economy and abolish the acceptance of corruption by establishing an economic culture that values ethical behaviour and accountability, and where stakeholders can and wish to say no to corruption challenges. To this end, the Authority focuses on prevention and research.

Various measures are planned that allow the Authority to promote a change in economic culture. These include the **establishment of the Integrity Academy**, which supports the next generation with education and research in this topic. The Authority will organise theoretical and practical training, conferences and opportunities for joint reflection, even to students in secondary and primary school, if possible. It endeavours to expand its education activities in terms of platforms and topics in 2024. The Authority plans to launch higher education research programmes with its academic partners, and it intends to put out calls and organise

education programmes for economic players. The organisation of a major international conference is also envisaged. Providing role models to society also fosters a change in culture, therefore the Authority seeks to present an award to chosen candidates at the end of each year from 2025.

The Authority also attaches great importance to coordinating and promoting the efficiency of the work of its partner institutions, partly **through the recommendations** in its [published reports](#). The Authority initiated to **conclude cooperation agreements** with Hungarian universities, domestic and foreign authorities and international organisations, partly in an effort to change the economic culture with an understanding and analysis of international examples and best practices. The agreements signed with Hungarian organisations not only enable the Authority to access data but also smooth the way for any potential joint research and work placement. An important tool for achieving the above goals is reaching out to society and familiarising the public with the Authority. This is achieved by the Authority through the channels detailed in the following subchapter.



Awareness-raising, external communication activities

The systematic external communication of the Authority began in February 2023 with three steps: (i) the establishment of a dedicated communication team, (ii) the creation of a visual identity, and (iii) the preparation of a communication plan based on the Authority's own survey. The communication objectives of the first year were as follows:

- the presentation of the Authority's reports and audit results in the press

(see Chapters 3.1.1 and 3.3.1),

- creation of the Authority's own media platforms (website, social media platforms, intranet for internal communication),
- boosting the reputation and visibility of the Authority as an autonomous institution,
- increasing the number of whistleblowers and improving the quality and relevance of the reports (see Chapter 3.1.1).

Creation of the Authority's media platforms



Website



Anonymous whistleblowing



LinkedIn

After the Authority was established, its website was accessible as a subpage of the EUTAF website, then in May 2023 the Authority launched the first version of its own, now dedicated, [website](#), which has been constantly developed and updated ever since. Along the introductory information and the legally stipulated data and disclosures, the Authority's [anonymous whistleblowing](#) system can also be accessed here. Since October 2023, the website has been available in English, too. December 2023 saw major developments: the website was expanded with news and blog articles, and a new, more accessible structure was introduced for the summaries of the initiated and completed audits, motions for revision and crime reports.

The Authority launched its Hungarian

[LinkedIn](#) site in January 2023, where it had 622 followers in December 2023. The platform grew organically, without the use of advertising or boosting by the Authority.

In addition, a Facebook page was launched in November 2023 as part of a nationwide awareness-raising campaign, to reach a broader audience. As a result of the marketing campaign, the page attracted 1200 followers in two months.

Besides the continuous expansion of these existing media platforms with content, the Authority plans to open an X (previously Twitter) account in 2024, to reach international stakeholders, mainly from the EU, in English.

Boosting the reputation and visibility of the Authority as an autonomous institution

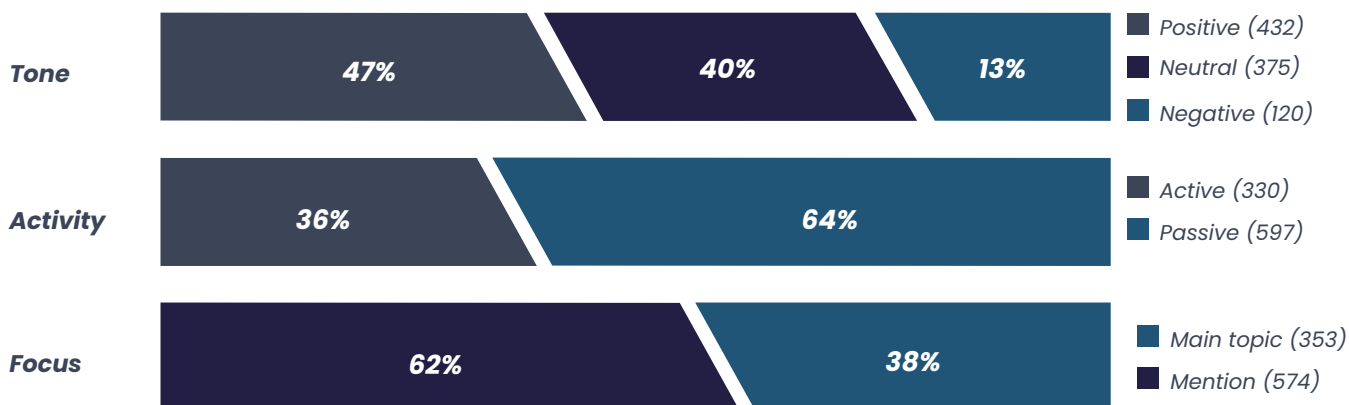
As shown in the chart above, in the first year of its operation, the Authority had 928 (non-paid) media appearances in the press, 36% of which was generated by itself through active communication. 47% of the appearances were positive, 40%

were negative (mostly in the first half year after the establishment of the Authority), while the rest were neutral mentions, mainly in articles focusing on other topics. The peak months of May and June were achieved through the meeting of the Authority's

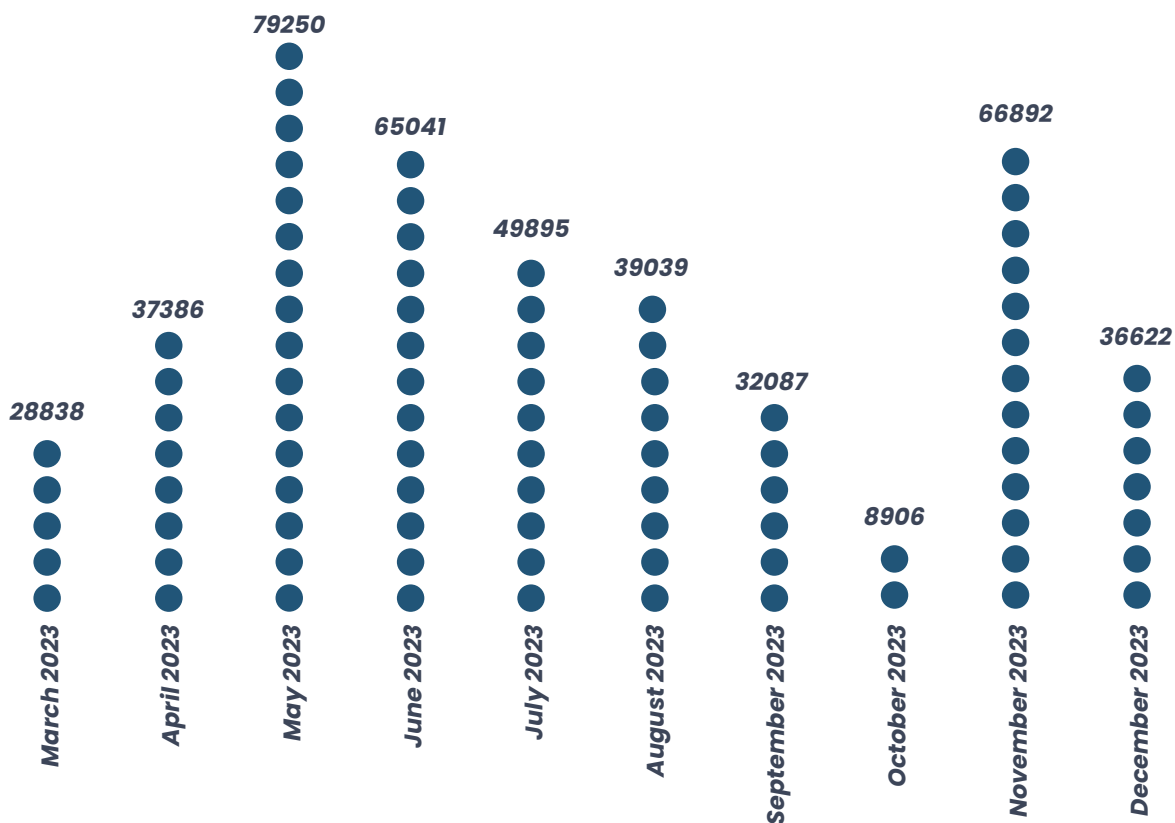
president with European Union representatives, and the publication of the first Annual Integrity Report in June, while the surge in November was

caused by the nationwide awareness-raising campaign for [the Authority's whistleblowing platform](#).

Number of appearances: 928 db Reach: 444 million person AVE: 613,4 million HUF



Reach by month (thousands of people)



The main indicators of media coverage of the Integrity Authority in 2023

Finances



This chapter presents the support provided by EUTAF upon the establishment of the Authority, the Authority's 2023 budget, its 2024

utilisation plan and the Authority's financial management from an ESG perspective.

EUTAF incubation phase

As stipulated in Section 71 of the Eufetv., EUTAF provided 6 months of support in the performance of secretarial and administrative tasks in connection with the establishment of the Authority, along with the necessary infrastructure, and performed the economic organisational duties of the Authority in accordance with the rules

governing the financial management, accounting, data provision and operation of public finances. To ensure business continuity and the complete takeover of the IT infrastructure and management software, EUTAF's support in these areas was extended until 30 September 2023.

The 2023 budget of the Authority

Efficient, prudent and transparent financial management is a priority to the Integrity Authority. And of course, it undertakes to be bound by the recommendations made to the public administration in 2023. The funds available to the Authority are adequate for performing its tasks and establishing a new institution. The utilisation of the 2023 budget was influenced by the legal environment

of budgetary authorities and the difficulties arising in the first year of operation. Among the large public procurements, the purchases supporting the operation of the Authority, mainly in IT, were successful, and they will be settled in 2024. The funds provided from the Hungarian budget and earmarked for the investments laying down the

operating conditions for the Authority, principally the establishment of a permanent head office, remained basically untapped.

In view of the above, the Authority requested the Ministry of Finance to make the same budgetary

appropriation for 2024 as with the accumulation budget approved for 2023, irrespective of the utilisation in 2024.

For more detailed information (yet in Hungarian), see the Authority's website.

DESCRIPTION	ORIGINAL	AMENDED	ACTUAL	UTILISATION RATE (%) ²⁶
Personnel expenditure	1 220 000	1 914 184	1 235 475	64,54
Labour taxes	158 600	248 839	165 897	66,67
Material expenditure	2 611 800	2 374 542	513 138	21,61
Other operational expenditure	---	187 665	187 515	99,92
Investment	13 154 100	13 154 100	61 177	0,47
Total expenditure	17 144 500	17 879 331	2 163 202	12,10

HUF thousand

Planned utilisation in 2024

2024 will see the continued development of the Authority's dedicated IT system and the corresponding public procurements, which allow IT devices to be provided to the growing number of employees. The rising headcount also necessitated the renting of additional

office space, but there are funds allocated for this in the budget. The preparations for relocating to the Authority's own property continue in 2024. Nevertheless, this is unlikely to generate any investment utilisation in 2024.

²⁶ As a percentage of the amended appropriation

The activities of the Authority from an ESG perspective

In its Code of Ethics, the Authority has undertaken a commitment to

the sustainability of its day-to-day operations from an ESG perspective.

Environmental

In the course of its daily work, the Authority is committed to preserving environmental assets and taking into account green considerations, to the extent possible.

An important step in this direction is the development of the Authority's digital systems in a way that ensures compliance with the paper-based documentation requirements stipulated by law, while setting up processes that reduce paper use and paper waste to a minimum.

A separate waste collection system is in place at the office building that hosts the Authority, which allows workers to dispose of office waste in line with local regulations. During its public procurements with a relevant environmental impact, the Authority places special emphasis on the use of environmentally friendly materials, solutions and tools, prioritising these during the procurement of office cleaning and printing services.

Social

The core activity of the Authority already has a substantial social impact, as combating corruption is in the best interest of society as a whole. As expressed in the Code of Ethics of the Authority in the chapter on service: "Our service helps build a society on which later generations can build their future."

In the Authority's communication, the president's press statements and the awareness-raising campaign (see Chapter 5.2), the concept of a "change in economic culture" has been emphasised, which refers to

the cleansing of the economy and the establishment of zero tolerance against corruption in Hungary. This concept was an educational objective, and an important step in its introduction was the Digital Anti-Corruption Conference held on 7 December 2023, where stakeholders from government organisations, research institutes, higher education institutions, private players in the IT sector and international experts shared their experiences about artificial intelligence, data collection and the social impact.

Governance

In its Code of Ethics, the Authority declares that it ensures equal treatment for all companies, NGOs, religious institutions and individuals, irrespective of their field of activity, location, company or other form, and their individual characteristics such as race, ethnicity, colour, religion, belief, origin, gender, sexual orientation, age, gender identity or its expression, nationality, marital status or health status.

Employees at the Authority need to cooperate with their fellow employees, helping each other along the way. In their relationships, they must act while respecting each other's personality, human dignity and age, and communicating objectively about each other's activities. The Authority requires executives to lead and assess their co-workers while respecting the rules on ethical behaviour, on the basis of adequate deliberation and analysis, and without prejudice

or discrimination. The Authority is committed to the protection of personal data and fair employment and remuneration.

The Authority has regulated the rules for managing the events violating the organisational integrity of the Authority in accordance with Section 32 of the Whistleblowing Act (Pkbvtv.). As provided for in law, it set up a whistleblowing system, supervised by a compliance advisor.

Any member of staff or representative of an external organisation or individual may file a report to the compliance advisor about an event violating organisational integrity, including events posing a risk of corruption, in person or at a dedicated email address.

The rules also cover the process of examining the complaint. Information on the whistleblowing system was also published by the Authority on its website.

List of abbreviations

Ákr. – Act CL of 2016 on the Code of General Administrative Procedure

ÁSZ – State Audit Office

Be. – Act XC of 2017 on the Code of Criminal Procedure

BEII – Directorate of Internal Audit and Integrity

UN – United Nations

Eufetv. – Act XXVII of 2022 on the Control of the Use of European Union Budget Funds

EUTAF – Directorate-General for Audit of European Funds

Eutaftv. – Act XLIV of 2022 on the Directorate-General for Audit of European Funds and on the Amendment of Certain Laws Adopted at the Request of the European Commission to Successfully Terminate the Conditionality Mechanism

GVH – Hungarian Competition Authority

Authority – Integrity Authority

PPA – Act CXLIII of 2015 on Public Procurement

Kit. – Act CXXV of 2018 on Government Administration

Kp. – Act I of 2017 on the Code of Administrative Court Procedure

Task Force – Anti-Corruption Task Force

NTCA – National Tax and Customs Administration

OECD – Organisation for Economic Co-operation and Development

OLAF – European Anti-Fraud Office

Pkbvtv. – Act XXV of 2023 on Complaints, Whistleblowing and the Rules for Reporting Abuses

Pmt. – Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing