

Summary

Regarding the questions listed in the resolution No 7/5 and 7/6 of the States Parties to the United Nations Convention against Corruption (UNCAC), **Hungary provides the following information:**

I. Conflicts of interests

1. Measures taken by Hungary to prevent and manage conflicts of interests

Conflicts of interest regulations concerning public officials are included in two legal acts. Rules concerning government officials and state officials are stipulated by the Act 199 of 2011 on government officials and state officials (Kttv.) and concerning law enforcement officials (police, prison guards, excise officers and disaster recovery staff) the relevant rules are stipulated by the Act 42 of 2015 on service status of the members of law enforcement agencies (Hszt.). Like all other legal acts, the above mentioned regulations were published in the Hungarian Gazette (official journal of the state) and are available online in the National Legal Repertory (www.njt.hu).

Regulations of Kttv. cover all outside activities of public officials covering both the matter of political and economic conflicts of interests.

The Hszt. also covers political and economic conflicts of interest stipulating rules similar to those of Kttv. in relation to second employment, membership and leading positions in legal entities, and the termination of conflicts of interest.

§. 85. para (4) point c) of the Kttv. – as a general rule – prohibits the holding of executive positions in corporations or in their supervisory boards. However, the following exceptions are allowed:

- if the majority of the company is owned by a local municipality or another public body;
- if the company is directly or indirectly owned by one or more state founder(s) or their organisations ;or by public foundations; or any organisation not regulated by the State Budget
- if the company is in the status of permanent state ownership;
- if the company is in state ownership, which is delegated by shares guaranteeing special rights
- if there is at least 50% of direct or indirect state influence in the company.

In cases of conflicts of interest the public official is legally obliged to terminate the cause of the conflicts of interest and has no other option, provided their wish to keep their public office. In case of the existence of any conflict of interests or if any situation causes a conflict of interests regarding the holding of the public office, the public official is obliged to immediately report it to their superiors. The employer then is obliged to instruct the termination of the cause for the public official. The omission of the termination of the conflict of interests entails labour law sanctions. In case of the conflict of interests is not terminated within 30 days after its notification to the public official, the legal relation of the public officer ceases.

All applicants for vacant positions in the public service have to officially declare written, that

there is no conflicts of interest related to him/her. The units of the different state agencies responsible for human resources provide information and assistance on the regulations and relevant procedural rules of conflicts of interest for the newcomers and those working for any state institution. It also has to be highlighted, that both the Code of Ethics of the Hungarian Government Officers and State Officers Corps (<https://mkk.org.hu/hivatassetika>) and the Code of Ethics of the Law Enforcement (http://www.rendvedelmikar.hu/letoltes/document/document_108.pdf) contain obligatory regulations for all public officials, and the topic of conflicts of interest is handled as a profession-ethic question.

The main pillars of internal procedures of the public authorities are (1) preventive measures of conflict of interests prior to contracting, (2) the elimination of conflicts during the application procedure, (3) the procedure of conflict of interests and the application of sanctions, in case if the conflict of interests is established under the period of the existence of the legal relation.

The establishment of the legal relation of public officials is based either on a call for applications or on an invitation. In case of the call for applications is released – in the vast majority of the cases – it is being managed through the Government Human Resources Service (in Hungarian Kormányzati Személyügyi Szolgáltató) and Public Sector Training Centre (in Hungarian Közigazgatási Képzési Központ) by the employer. The call is based on a so called “job-map”, which provides information regarding the possible causes of conflicts of interest both for the employer and to the applicant. This can be clarified in the next phase of the application procedure, which is the personal interview.

In case of the appointment of the official is based on invitation, a personal interview is not carried out. In these cases, the invitee is informed about matters related to conflicts of interest by the head of the HR unit.

The notification of conflict of interest and its sanctioning is a basic right of the employer, which is practiced by the executive exercising the rights of the employer at the given organisation.

The Ministry of Interior delivered a complex analysis of different job responsibilities within the public sector and based on this, a research is in process at the National University of Public Service concerning the different corruption risks associated with different jobs. Therefore, information relating to the conflict of interest between the interest and activities of a public official and the particular government process will be available after the finalisation of the research.

Strengthening transparency of the public service is one of the tasks of the National Authority of Data Protection and Freedom of Information (in Hungarian Nemzeti Adatvédelmi és Információszabadság Hatóság), which supports public transparency through publishing resolutions on individual cases and annual general reports. On the personal level, Corps of Government Officials and State Official and the Corps of Law Enforcement supports legal and ethical operation.

After the termination of the legal relation of the public officials, there is no time limitation on the employment in certain jobs and positions in the Hungarian legal system.

2. Challenges and need for development

The further training of the way of thinking and awareness raising of public officials is an important way of development, both in relation to conflict of interest and also to any other work ethic topics. In this regard, the events of the National Protective Service (in Hungarian Nemzeti Védelmi Szolgálat) can be mentioned, that provided awareness raising and practical information on integrity development and matters related to professional ethics during 2017. There were local and county level executives and government officials among the participating professionals. The trainings will be continued in 2018, as well.

3. Technical assistance

Based on the above, it can be noticed, that matters of the conflict of interests in Hungary are regulated on a high level, has established legal procedures and therefore, specific external technical assistance is not requested for its further development. However, information sharing and knowledge transfer would be highly appreciated in the form of professional meetings and presentations within the framework of capacity building.

II. Asset declarations

1. Measures taken by Hungary

The rules of asset declaration regarding all public officials in Hungary are stipulated by the Act 152 of 2007 (Vnyt.) on certain obligations related to asset declaration.

The aim of the asset declaration is the supervision of enrichment of officials working in the public sector. Accordingly, the assets and financial interests existing on the day of the declaration and all incomes that have occurred in the five years prior to the day of the declaration have to be declared. The notification of conflict of interests between activities in- and outside the public service fall under the scope of the conflict of interest procedure which has been detailed above.

Public officials obliged to declare their assets:
those

- official service members of law enforcement agencies, including the National Tax and Customs Office,
- professional and contracted soldiers of the Hungarian Armed Forces,
- public employees,
- civilian public, governmental and state officials,
- members of the Public Prosecution Service,
- professionals with justice service status, and
- employees of the Hungarian National Bank.

who either individually or as a member of a body are entitled to propose or make decisions or supervise public administration and misdemeanour procedures, in a public procurement process and also who dispose or supervise the disposing of public funding, especially state (municipal) subventions.

Besides the above, government political consultants and professional leaders, officials with civilian public and governmental legal relation who fall under national security clearance, public prosecutors, notaries and bailiffs are all obliged to declare their assets in any case.

All obliged officials have to submit an assets declaration prior to the appointment to the job that requests it, within 15 days after the termination of such jobs and with different frequency depending on the type of job or position.

Annual assets declaration has to be submitted by state secretaries, deputy state secretaries and those who fulfil one of the above mentioned jobs at the State, local authorities, budgetary organisations and companies with majority ownership by the State or municipalities, furthermore, those who fulfil one of the above mentioned jobs in any procurement procedures managed by a public foundation established by the Parliament, the Government or a municipality.

Biannually assets declaration has to be submitted by those – not mentioned in the previous paragraph – who dispose of or supervise the disposal of state (municipal) subventions.

All other requested officials have to declare their assets in every 5 years.

The assets declarations can be submitted either in paper or in electronic format. The declaration is submitted to the employer of the public official or bailiff, the county chamber of notaries, the owner of the state (municipality) owned company, the manager of the state subvention fund and the President of the Hungarian Central Bank, who are called “persons responsible for guarding” in the Vnyt.

A guidance note, which is the annex of the declaration template and human resources units of different state organisations provide assistance in relation to the correct declaration of the assets.

The assets declaration of those relatives, who live in the same household with the obliged person have to be submitted with the same frequency as those of the obliged person.

The fulfilment of the obligation to submit the assets declaration is checked by the person responsible for guarding. If it is noticed, that the obliged person failed to declare their assets, they are warned in a written form to comply with their obligations. If they still fail to fulfil their obligation to disclose after the written call, their service contract is terminated.

The asset declarations of public officials are not public.

The verification of the content of the declaration is also the responsibility of the person responsible for guarding either upon own initiative or upon notification by a third party. In the latter case, the obliged person goes under a hearing during the process. The so called enrichment verification procedure is delivered by the National Tax and Customs Authority by way of estimation. The aim of the estimation is to establish the amount of income needed to cover the way of life and assets delivered and owned by the concerned public official. The concerned official can also verify the difference of the tax based income on a credible way.

2. Challenges and development needs

Currently, a complex research is in process in cooperation of the Ministry of Interior and the National Protective Service which aims, among other concerns, the exploration of the possible

ways of strengthening the employers' rights in relation to asset declarations. Although the concrete development needs can only be notified after the completion of the research, it is already visible, that the automatization of the content-verification of the asset declarations in high-risk jobs, that include automated cross-checks in different databases, might be useful in disclosing illicit enrichments.

3. Technical assistance

Similarly to conflict of interest, information sharing and knowledge transfer in the form of professional meetings and presentations within the framework of capacity building would be highly appreciated.