

FINANCIAL MANAGEMENT

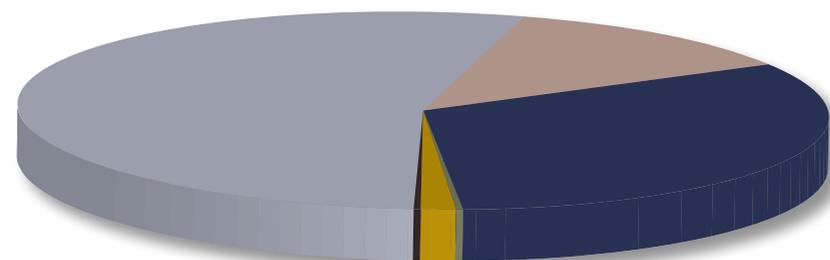
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The budget

2010 was not different from the year before it in that the crisis of the world economy necessitated cost-saving measures which in turn limited the financial possibilities of the Prison Service. The most obvious consequence was an extraordinarily high overdue debt portfolio. At the same time, due to the availability of European Union funds, the organizational development of prison administration could begin.

In its financial management, the organization followed the provisions of Act no. CXXX of 2009 on the year 2010 budget of the Republic of Hungary. According to this regulation, total expenses allocated for the year were HUF 40781.5 million, made up of HUF 38065.9 million of central funds (93.3%) and HUF 2715.6 million own resources (6.7%). Central funds increased during the year by HUF 5941.4 million; an increase of 5.6%. Through the extra funds granted under Government Decision no. 1294/2010. (XII. 15.), the Prison Service could eliminate its overdue debt.

Distribution of budgetary expenditures



Prison capacity and material-type costs of equipment

There were some significant capital investments during the year, financed in part from tender money, in the construction and renovation of the buildings of Budapest Remand Prison, Állampusztá, Közép-dunántúl and Pálhalma National Prisons, Kalocsa Strict and Medium Regime Prison and Central Prison Hospital.

Staff uniforms were provided in sufficient number. A standardization process for law enforcement uniforms was started. As a first step in the process, a decision was made to adopt the "police field uniform", and the Ministry of the Interior issued regulation no. 14/2010. (XII. 31.) on the uniforms and dress codes to persons eligible to receive service uniforms at law enforcement bodies under the Ministry of the Interior and authorized fire departments.

The average age of the Prison Service vehicle fleet is 7.7 years; that of own vehicles of institutions is 8.8 years.

Prison enterprises

The majority of the 12 prison enterprises could only fulfil its function of employing prisoners and stay operable at the same time through intervention and central funding. In the next few years the Prison Service must prioritize the development of these enterprises in order to create organizations suitable for the diverse role they must play in the internal supply chain of the government. Balancing the financial situation remains the primary goal, based on which prisoner employment can be extended. For textile companies, government contracts mean safe, long-term funding, a practice which must be extended to other manufacturing enterprises.

The enterprises employed 3072 persons in 2010, 30 fewer than planned. Industrial enterprises fell a total of 150 behind in headcount, while in agriculture the actual headcount exceeded the plan by 120.

Prisoners earned an average of HUF 17283 a month, which means HUF 25123 per month for the whole of the actual workforce.

Based on preliminary data, the enterprises made a total of HUF 78.47 million in profits. Industrial enterprises made a loss of HUF 71.86 million, while agricultural companies earned HUF 150.33 million.

The assigned property managers received a single sum of HUF 490 million in aid to pay for overdue debts accumulated by the enterprises. Pending the consolidation of the financial situation, property management, central coordination, cooperation agreements and central budget funds will remain the limited means of maintaining operability of these companies.

