

**Subject: Input of the Integrity Authority to the information letter to be sent to the European Commission by March 16, 2025, on the fulfilment of commitments made under the conditionality procedure**

## **Key Developments**

This report provides an update on the Integrity Authority's (IA) progress in fulfilling commitments under the EU conditionality procedure, with a focus on cooperation agreements, investigations, and institutional developments.

- **Cooperation Agreements:** Agreements with Hungarian state bodies remain largely declarative, lacking enforceable data-sharing provisions. Legislative amendments are needed to expand IA's access to key databases. Several negotiations are put on hold due to the chilling effect of the Prosecutor's Office proceedings against the President of the IA. Internationally, IA secured a €600,000 EU grant for a data-driven fraud detection project. The Authority has strengthened ties with organizations such as IAACA, OECD, and EPPO, however, the Authority's approach to its notification obligation to EPPO is challenged by the Prosecutor's Office recently.
- **Reports & Investigations:**
  - IA published its **Annual Analytical Integrity Report's** English translation and initiated a **public procurement analysis (2019–2023)** to assess corruption risks.
  - In **2024**, IA received **172 whistle-blower reports** (90 within its scope), conducted **26 investigations**, referred **9 cases to prosecution**, and initiated **13 public procurement arbitration cases**. Investigations led to **19 irregularity procedures** and **2 administrative appeals** were submitted.
- **Register of Excluded Economic Operators:** IA developed and completed IT upgrades but requires legal changes for full implementation. Direct data links with public bodies are being established.
- **Institutional & IT Developments:** IA transitioned to independent operations, finalizing its split from EUTAF. It is also phasing out managed IT services and expanding its workforce, with **113 employees as of March 2025** (target: **150** by mid-year).
- **Anti-Corruption Task Force (ACTF):** Meetings in Q1 2025 focused on thematic working groups and report drafting. Draft 2024 annual report provided by civil society members of ACTF, report to be published by 15 March 2025. A non-governmental member resigned due to her increased workload, and IA is launching an open call for replacement.

Overall, IA continues to enhance its investigative capabilities, international partnerships, and institutional independence while facing challenges in data access and legal constraints.

Strengthening the IA's powers through legal amendments remains critical for fulfilling commitments under the EU conditionality procedure.

## **1. Cooperation agreements**

### Cooperation agreements with Hungarian state bodies and institutions

Cooperation agreements have proven to be more declarative in nature rather than substantive, failing to grant the Authority the necessary rights to obtain or exchange crucial data. The Authority's founding legislation restricts access to critical data necessary for investigations, such as banking, tax, and insurance records. Furthermore:

- Cooperation agreements signed with several Hungarian governmental bodies have not resulted in meaningful data or information sharing. These agreements primarily outline modalities for potential data transfer but lack enforceable provisions for actual information exchange.
- Certain bodies indicate no interest, and the Authority continues to not to receive a response relevant to suggested cooperation.
- Due to the Prosecutor's Office proceedings against the President of the IA, negotiations have not moved forward with bodies like MBH Bank and the Directorate General for Auditing European Funds in Q1 2025, however, agreements are still expected to be signed in 2025.
- Legislative amendments are essential to clarify and to expand the Authority's powers for effective operations and oversight.
- The Authority still does not have access to key databases that are essential to carry out its work.

### Cooperation with international organizations and institutions

The Authority has actively engaged with international organizations to strengthen its operations:

- **IAACA Membership & ExCo Election:** The Authority joined IAACA in Dec 2024; President Biró elected to IAACA's Executive Committee (Feb 2025).
- **EU Funded Project:** Authority's proposal on data-driven fraud detection selected under TSI 2025 (€600,000 grant, 24-month duration).
- **OECD PIAC Meeting:** Authority to attend in March 2025; President Biró to present on data analytics & AI in anti-corruption.
- **OECD Integrity Week Workshop:** Organising a tech-focused workshop with the OECD Tech & Analytics Community of Practice.
- **MoUs in Progress:** Preparing agreements with EPPO & Hong Kong's ICAC, expected to be signed in 1H 2025.

- **Study Visits:** BACPE study visit to STT under the EPAC/EACN Network (Feb 2025); EPPO's invitation to the Authority for a study visit, expected in 1H 2025.
- **Operational Review:** Authority's first two years under review per Section 72 of Eufetv.

For more details about the above mentioned updates, please see below:

- The Authority has become member of the **International Association of Anti-Corruption Authorities (IAACA)** in December 2024. At the IAACA General Meeting held online in February 2025, President Biró was elected to IAACA's **Executive Committee (ExCo)** for a three-year term.
- The Authority's project proposal titled **"Development of the analytical capacities by introducing innovative data-driven systems to reduce irregularities related to the use of EU funds"** was selected by the European Commission as one of the successful proposals under the **Technical Support Instrument (TSI) 2025** call for proposals with an indicative grant amount of EUR 600,000. The 24-month long project will emphasise the co-creation of the Authority's new data-driven digital strategy and action plan as well as the collaborative development of a data-driven risk model for fraud and corruption risk assessment. Knowledge sharing and capacity-building will further strengthen the Authority's technical expertise, enabling it to implement the strategy while sustaining and improving the risk model in the future.
- In March 2025, representatives of the Authority will participate for the fifth time as country delegates of Hungary at the bi-annual meeting of **OECD PIAC** (Working Party on Public Integrity and Anti-Corruption). President Biró will present the Authority's development projects related to data analytics and artificial intelligence in the session titled **"Harnessing Cutting-edge Technologies and Collaboration for a Holistic Fight Against Corruption"**.
- The Authority is currently organising a technology-focused workshop with the **OECD Tech and Analytics Community of Practice** to be held during the OECD Integrity Week in March 2025, which includes the [2025 OECD Global Anti-Corruption & Integrity Forum \(GACIF\)](#).
- The Authority is currently in the process of preparing **memorandums of understanding (MoU)** with **EPPO** and the Independent Commission Against Corruption of Hong Kong (**ICAC**). The MoUs are expected to be finalised and signed in the first half of 2025.
- The Authority has successfully applied for practice exchange under the EPAC/EACN's Best Anti-Corruption Practice Exchange (**BACPE**). BACPE is a comprehensive European initiative designed to facilitate knowledge transfer and experience sharing among anti-corruption agencies across Europe. Funded by the European Union and implemented by the Special Investigation Service of the Republic of Lithuania (STT), this program represents a significant step in strengthening cooperation and enhancing anti-corruption capabilities throughout the European region. Under the BACPE project, the

Authority's delegation visited STT in February 2025 to exchange specialized knowledge and good practices in risk assessment, and data-driven approach in anti-corruption.

- **EPPO** also invited the Authority for a study visit, which is expected to happen in the first half of 2025 potentially with signing the MoU at the same time.
- The **review** process of Section 72 of Eufetv is ongoing.

## **2. Reports published by the Authority**

The Authority publishes an **Annual Analytical Integrity Report**. The English translation of the Authority's report for 2023 is available on the [website](#) of the Authority, as well as the [Government's response](#).

In 2024, a plan was introduced to produce a series of ad hoc reports, starting with the central public procurement system. The analysis covered the period from 2019 to 2023, using publicly available data from the electronic public procurement system (EKR), totalling 2.25 billion HUF. The report found gaps in the system's data but identified product groups with high concentration, potentially posing corruption risks. It also highlighted the extensive use of framework agreements. A draft was sent to central purchasing agencies on 8 January 2025. Due to the nature of the findings and recommendations as well as to clarify the feedback received from central purchasing agencies the Authority initiated additional inter-agency consultations to allow for and seek wider consensus before issuing the analysis.

## **3. Headcount and resources**

Over the past year, the Authority has experienced steady growth, with ongoing recruitment efforts supporting the workforce's expansion as planned. As of March 2025, the headcount of the Authority reached 113 employees. The planned number of employees for this year is around 180.

## **4. Register of economic operators excluded from public procurement procedures**

Essentially, the Authority has undertaken the necessary IT development and internal steps and is ready to execute on this mandate, however legal framework needs to be changed so that data may be provided to the Authority.

In Q1 2025, the Authority worked on creating a register of businesses excluded from public procurement. A direct data link with other public bodies' registration systems is crucial for this, and the Integrity Authority made progress in setting up and testing these links.

- Queries have begun from the Private Entrepreneur Register, and testing is in progress. Using the transferred data, a bulk query of the Criminal Records has also started and is being tested. The data volume will be gradually increased.
- To access data from the Business Register, the Integrity Authority sent a formal request to the Ministry of Justice, seeking confirmation on how the data can be provided for the register and asking for details of any legal obstacles.
- For the Beneficial Owner Register, individual queries are already running in the live system, and permission for bulk queries has been granted.

The Integrity Authority will publish specific data in the electronic public procurement system (EKR), managed by the Ministry of Public Administration and Regional Development, which required upgrades to the system. After the Authority requested these improvements, negotiations with the EKR interface developer on the register's design, operation, and data requirements were concluded. The upgrades have been completed, and the register is ready to receive data. During this period, the Authority's staff also consulted with the Ministry of the Interior on setting up a direct data link and defining the scope and frequency of data transmission.

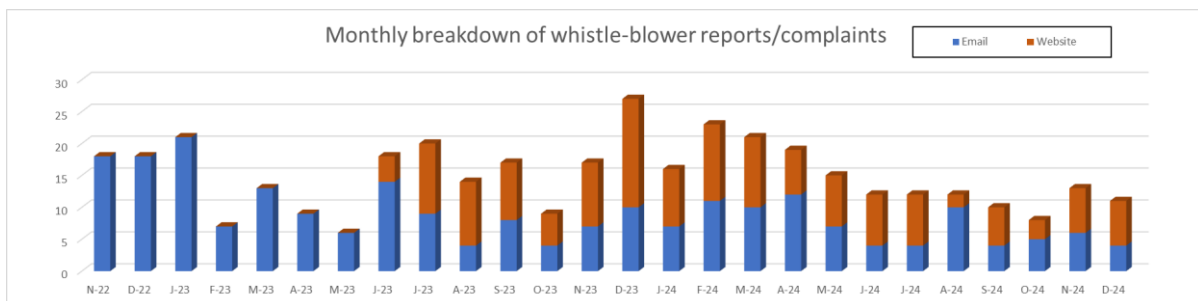
## **5. Support of the Directorate General for Audit of European Funds**

In line with Section 71 of Eufetv, the Directorate General for Audit of European Funds (EUTAF) provided secretarial and administrative support during the Authority's establishment. EUTAF also handled the Authority's financial and organisational tasks in line with public sector regulations on management, accounting, data provision, and operations. This support was provided for six months, after which the Authority became fully self-sufficient. The final settlement of services received from EUTAF was completed, with the final agreement signed on 25 March 2024 and costs reimbursed as required by law.

The Authority has since transitioned to independent IT systems, including a new case management platform. However, it remains contracted with NISZ Zrt. for several services, which are being amended due to the introduction of a new NISZ service model. Once these contracts are signed, certain services provided by DMÜ Zrt., which oversees NISZ, will be cancelled—such as application support and workstation operations related to the document management system—by mid-2025. Additional cancellations will follow as the Authority implements its new IT infrastructure, including network devices and operational support. The Authority also plans to discontinue managed office services (such as printing) in the first half of 2025, with preparations for the procurement process already underway.

## 6. Whistle-blower report and investigations

The Authority received 172 whistle-blower reports through its platform in 2024 (178 in 2023), 84 via email and 88 through its online whistle-blower platform. More than 20% of the reports received by the Authority contained substantial information. Out of the total number of notifications received, 90 notifications (52% of the total) concerned EU funds and therefore fell within the Authority's scope (the remaining 82 were outside the Authority's scope). Out of the 90 reports falling within the scope, 2 were notified to the competent Managing Authority as irregularities, 3 were subject to an administrative audit and 14 were the subject of an investigation<sup>1</sup>. Of the remaining 64 notifications, 16 were still being investigated on 31 December 2024, and in 48 cases the Authority concluded that the information contained in the notification did not give rise to the opening of an investigation.



In the investigation procedures carried out in 2024, the Authority participated in 5 on-site investigative acts with the competent managing authority (compared to 2 in 2023). In 2024, the Authority referred 9 cases to the prosecution services (2 in 2023), of which OLAF and EPPO were simultaneously notified about, however, the Authority's approach to its notification obligation (i.e. when and what type of info is provided) to EPPO has been challenged by the Prosecutor's Office recently. Based on its investigation procedures in 2024, the Authority identified 3 cases (1 in 2023) where it considered that there were grounds for a report or complaint. In 21 of the 26 investigations closed in 2024 (2 out of 5 closed in 2023), the Authority invited the managing authority concerned to open an irregularity procedure, and in 19 of these cases the irregularity procedure was opened. In 2024, the Authority initiated proceedings before the Public Procurement Arbitration Board (PPAB) in 13 cases (in 2023, 3 initiatives were submitted in 2 cases, which were registered by the PPAB as 12 cases, resulting in 4 decisions in 2023 and 3 in January 2024, by merging some of the initiatives). In 2024, the Authority brought 2 administrative appeals (1 in 2023) against the decisions of the PPAB. In 2024, the Authority initiated 8 administrative audits (1 in 2023) and 3 suspensions. In 4 cases, the Authority initiated action by another competent body in connection with administrative audits.

<sup>1</sup> A further 7 notifications were merged with an ongoing investigation as their content was the same as the subject/scope of an ongoing investigation.

## **7. Anti-Corruption Task Force (ACTF)**

In the first quarter of 2025 the Anti-corruption Task Force held meetings on 21 January 2025 and 20 February 2025. During both meetings the Task Force primarily focused on developments regarding the drafting process, including the work within the thematic sub-working groups (Transparency and Ethics Working Group, Public Finances Working Group, Working Group Responsible for Countering Corruption and Coordinating Working Group), information received from governmental bodies and the review of the draft documents. The draft 2024 annual report was provided on 28 February 2025 by the civil society members of the ACTF.

On 19 February 2025 a member of the Task Force representing non-governmental actors resigned by written declaration, in accordance with the Eufetv. The Authority has already initiated the necessary administrative procedure to launch an open competition in March 2025 to fill the post that became vacant.

Further information relevant to the ACTF are available on the ACTF's [homepage](#) (operated by the Authority).