



AUDIT OF THE FINANCIAL STATEMENTS OF THE MINISTRY OF HEALTH (ADMINISTRATION)



**AUDIT OFFICE OF THE REPUBLIC OF CYPRUS
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AUDITED ENTITY

Ministry of Health (Administration)

1. Executive Summary

The Audit Office carried out a financial and compliance audit of the Ministry of Health receipts and payments for the year ended 31.12.2018, in accordance with the framework of the provisions of the Constitution of the Republic of Cyprus (article 116).

The major findings of the audit are the following:

- ◆ Deficiencies were noted regarding the procedures of services for the rehabilitation of patients with neurological disorders from a Private Rehabilitation Centre amounting to €2.848.422 (failure to meet the provisions of the contract, errors in invoicing, inadequate checks of the Centre's charges, insufficient justification of the decisions of the Experts' Committee for referring patients to the Centre etc.).

We recommended that appropriate steps are taken for proper implementation of the provisions of the contract, proper checking of amounts to be paid, proper justification of the decisions of the Experts' Committee and implementation of the General Principles of Administrative Law (transparency, equal treatment, justification etc.).

- ◆ The Minister of Health gave his approval, within the framework of the State Aid Action Plan, for the payment of state aid of a total amount of €532.500, by exception, to 24 organisations, contrary to the Evaluation Committee's recommendation for non-payment of state aid. Furthermore, the Ministry of Health decided in three cases, without appropriate justification, the payment of a higher amount than the one recommended by the Committee. We also noted weaknesses in the evaluation of the applications for state aid, since organisations that submitted their application after the deadline, or that did not submit all the required documents were approved.

We recommended that payments of state aid by exception are made only in exceptional cases and for special reasons.

- ◆ We noted errors in invoices issued to the competent health organisation of the United Kingdom, regarding the provision of medical treatment to British citizens in Cyprus, as well as weaknesses in the pricing procedure. According to the estimates of the Ministry of Health, the United Kingdom was under-invoiced by an amount of €53.635.

We recommended appropriate measures are taken in order to avoid errors in pricing of the above cases.

- ◆ We noted weaknesses in the procedure for checking the audit invoices from the German National Health Body, for the provision of medical treatment to Cypriot patients, prior to payment.
- ◆ In five cases costs for sending patients abroad for treatment exceeded the amount of €200.000 whereas no approval was secured from the Ministers of Health and Finance, as required under article 15 of the Plan for the Provision of Financial Support for health services not offered by the public sector.

- ◆ In two cases the employment status of two persons was converted from that of contractor to permanent employee, with open ended contracts, due to the Ministry's Failure to implement the provision of the relevant circulars of the Ministry of Finance to safeguard against creating an employer/employee relationship.
- ◆ Regarding the payment of government grants to legal persons (€25.862.785 in 2018), we noted that there are no controls to confirm compliance with the provisions of article 26 of the Law on Accounting and Financial Management and of the Financial Control of the Republic of 2014 (L38 (I)/2014).
- ◆ We noted one a case where the Treasury's guidelines regarding the offsetting of expenditure with amount due were not followed, and amounts were paid to a hospital, without offsetting them with arrears to the state.

We recommended implementation of the Treasury's guidelines, regarding the offsetting of the state's revenue and expenditure.