



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

AUDIT OF THE MINISTRY OF JUSTICE AND PUBLIC ORDER

Executive Summary



**AUDIT OFFICE OF THE REPUBLIC
SPECIAL REPORT no. ΥΔΔΤ/02/2022**

16 December 2022



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The Audit Office carried out an audit of the financial statements of the Republic of Cyprus, within the framework of the provisions of articles 116 and 81 of the Constitution of the Republic of Cyprus and the Fiscal Responsibility and Fiscal Framework Law of 2014 (Law 20(I)/ 2014), respectively.

A sample of receipt and payment transactions of the Ministry of Justice and Public Order, was audited in the context of the audit in question for the year ended 31.12.2021. We also note that within 2021 and 2022, our Office carried out the following performance audits, in relation to the Ministry, for which separate Special Reports were issued:

- ◆ Evaluation of the adequacy and effectiveness of the inspections, carried out by the Police Force, in order to ensure the compliance of the measures imposed, for the prevention of the pandemic COVID-19, in order to reduce the covid cases. The Special Report ΑΣΤ/01/2022 was issued, which was published on the website of our Office on 16.6.2022.
- ◆ Performance audit on fine warrants. The Special Report ENT/01/2021 was issued, which was published on the website of our Office on 18.10.2021.

The most important findings of the audit are summarized below. We note that the sample, which was selected using a specific methodology, did not include any transactions for the Administration of the Ministry and the State Archive. For the Fire Service, the transactions selected were related to employee benefits, the audit of which did not reveal any findings.

Cyprus Police

- ◆ For the five-year/5.000-hour inspection of two helicopters of the Police Aviation Unit, the Police signed a contract amounting to €925.824, relating to scheduled work. The Police had paid by the date our audit was over, a total amount of €4.033.958 plus VAT, for the implementation of the contract and the repair of the helicopters, presenting an increase of €2.5 million compared to the initial estimate. We consider that the handling of the contract was not lawful.
- ◆ The Contract Register and the Forms Register were not properly updated.

We recommended the correct updating of the Registers, in accordance with the provisions of Treasury circulars.

- ◆ We identified unreconciled differences regarding amounts collected online for out-of-court settlements, between the computerized police system and the receipts according to statements of the payment provider (JCC).

We recommended immediate investigation and settlement of outstanding differences.

- ◆ Payment of some invoices was delayed for more than a month.

We recommended compliance with the provisions of the Combating of Late Payments in Commercial Transactions Law of 2012 (Law 123(I)/2012), which provides that the payment

period should not exceed 30 days from the date of receipt of the invoice or the date of acceptance of goods or services.

- ◆ The Police Headquarters did not prepare a certificate verifying to the Ministry's Permanent Secretary, that after checks made, the procedures governing financial management are correct, in violation of the relevant Treasury circular.

We recommended the preparation of the above certificate, in accordance with the provisions of the relevant Treasury circular.

- ◆ The electronic Register of Commitments has been destroyed. No backups were kept.

To avoid similar situations, we recommended keeping backup copies of electronic files.

- ◆ There is a delay in the collection of the amount due for the surveillance of a private Marina in Limassol.

It was recommended that necessary measures be taken to ensure the timely repayment of the amount owed.

- ◆ Stamp duties are not always calculated and paid to the Republic of Cyprus, as provided by the Stamps Act, since the Police does not prepare agreement documents for all contracts over €5.000

We recommended compliance with the provisions of the Stamps Act.

- ◆ We noticed a long delay in the registration of public contracts that have been concluded with the expeditious procedure, in the Electronic Procurement System (e-Procurement).

We recommended the timely registration of public contracts concluded with the expeditious procedure in the Electronic Procurement System (e-Procurement) and compliance with the provisions of the relevant Treasury circular.

- ◆ The collection of a total amount of €280.758 from the Cyprus Bar Association, regarding the remuneration of special police officers during the years 2015 - 2018, is still pending.

Considering that the matter has been pending for a long period of time, we have suggested to intensify the efforts to resolve it as soon as possible.

- ◆ Amounts receivable, relating to fees for annual alarm system subscriptions and false calls are still outstanding. The exact receivable amount still outstanding has not been calculated since, until the completion of the audit, receivables as at 31.12.2021 had not been recorded.

We recommended the immediate recording of the amounts receivable and taking actions for their collection. In cases where the debtors cannot be identified, we recommended their writing off, based on the provisions of the relevant Financial and Accounting Instruction.

Department of Prisons

- ◆ Unreconciled differences between the prisoners' individual accounts and the Deposit General Account maintained by the Treasury Financial Information Management System (FIMAS) still exist. Since 2015, the accounting errors in the prisoners' individual accounts remain undetermined regarding the possibility of reconciling them with the balances of FIMAS. We note that in the past, incidents of fraud were detected concerning the above accounts.

Our Office considers the matter of high risk and that it is necessary to be resolved immediately.

- ◆ The Department of Prisons did not prepare a certificate verifying to the Ministry's Permanent Secretary, that after checks made, the procedures governing financial management are correct, in violation of the relevant Treasury circular.

We recommended the preparation of the above certificate, in accordance with the provisions of Treasury circular.

- ◆ Payments related to a transaction totaling €143.132, were not included in the Register of Commitments, in violation of the provisions of the relevant Treasury circular.

We recommended the inclusion of the above payments in the Register.

- ◆ Amounts related to overpayments to two prison guards who have resigned, are included in the Advances General Account.

It was recommended that they take the necessary actions to recover the above amounts as soon as possible.