



AUDIT OF THE HOUSE OF REPRESENTATIVES

Executive Summary



**AUDIT OFFICE OF THE REPUBLIC
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AUDITED ENTITY

The House of Representatives

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Within the framework of the provisions of article 116 of the Constitution of the Republic of Cyprus, the Audit Office conducted a financial audit on the receipts and payments of the House of Representatives for the year ended 31.12.2018, compliance audit, as well as performance audit.

The most important findings of the audit are the following:

- ◆ In the Budgets of 2018, 2019 and 2020 an increase of €2.565.000 was approved in the regular funding of the political parties, as compared to 2017.

We suggested that the amount of the state funding becomes the subject of a study and that it is regulated on the basis of objective criteria, in combination with the amount of the permissible private contributions.

- ◆ Increase of the grant to the political parties for hiring the services of parliamentary associates by €1 million (from 69 to 101 persons).

We suggested that the Services of the House of Representatives, in cooperation with the Ministry of Finance and the parliamentary parties, proceed with a study of the issue, so that its regulation in the future is not based on contextual, but on objective data and criteria.

- ◆ The granting of an amount of €100.000 for the purposes of enlightenment, without placing any criteria, which will have to be fulfilled as a precondition for granting the said funding to the political parties.

We suggested that the necessity of paying the said amount to the political parties is re-examined or, alternatively, to set criteria which have to be fulfilled for its granting.

- ◆ The parliamentary parties proceed with hiring an additional associate, in case of absence of an associate on leave (e.g. maternity), something which is not provided for by the Law on Parliamentary Associates and Related Issues (Law 41(I)/2019).

- ◆ The 3% which is deducted from the salary of the parliamentary associates, which is intended for the purpose of granting a gratuity in article 10(4) of the Law on Parliamentary Associates and Related Issues (Law 41(I)/2019), is not deposited for the enhancement of the funds from which the gratuity will be paid, as provided for in the legislation, but the amount of salaries which is debited to the accounting code "Grant of Political Parties" is reduced.

- ◆ The recognition of the previous service of the parliamentary associates for gratuity purposes creates an additional cost of approximately €1,7 million.

- ◆ The compensation, the allowances and retirement benefits of the Members of the House of Representatives require modification/modernisation.

- ◆ Deductions are made from the Members of the Parliament for contributions to the political parties, without their written consent, but at the request of the president or the parliamentary representative of the party.

We pointed out that for these deductions a written consent of each Member of Parliament has to be presented and not a request from the parliamentary party.

- ◆ There are no Regulations governing the amount of emoluments of the consultants-associates of the President of the House of Representatives and other issues, position duties, relevant experience, academic qualifications etc., but the amount of emoluments of the consultants-associates and the duties of most of them are defined only in the agreement for the provision of services.

We suggested that in cooperation with the Ministry of Finance, a legal framework is enacted and, on this basis, Regulations regarding the remuneration and other benefits of the consultants-associates of each President of the House of Representatives. Also, we suggested, for the purpose of transparency and good administration, that the purchase of services is done on the basis of the defined procedures in the explanatory memorandum of the Budget, the House of Representatives determines its needs in consultants-associates, the amount of their remuneration according to the duties of the position and their required qualifications and then the names, qualifications, position and remuneration of the selected consultants are published.

- ◆ In the year 2018, the article «Consultants Remuneration» of the Budget showed an excess of €65.972.
- ◆ The agreements for the provision of services which are concluded by the President of the House of Representatives with the consultants-associates are not notified to the Director of the Social Insurance Services and the Tax Commissioner.

We suggested that the agreements are notified to the Director of the Social Insurance Services and the Tax Commissioner.

- ◆ Carrying out expenditure, following instructions of the President of the House of Representatives, as financial assistance to individuals and contributions to various associations.

We suggested that they are made from relevant statutory Funds of the Ministry of Labour, Welfare and Social Insurance, for the purpose of transparency and equal treatment of citizens/institutions. We express reservations whether such an expenditure is in accordance with the Constitution, since Article 61 of the Constitution limits the authority of the Parliament to legislate.

- ◆ Conclusion by the House of Representatives of an agreement for the provision of services with a journalist associate of indefinite duration of the Cyprus Broadcasting Corporation, with an annual compensation of €63.000, to whom a leave without pay was granted from the Corporation, which is not legal.

We suggested that all the proper actions are taken, in consultation with CyBC, for compliance with the relevant legislation.

- ◆ Considerable expenditure for entertainment expenses is charged from the canteen of the House of Representatives during the sessions of the Parliamentary Committees, without sufficient check.

We suggested that for each invoice, which concerns treats that have been offered by the Departments of the House of Representatives, which is presented for payment, a relevant note form is attached by the Departments of the House of Representatives, with the names and treats that were offered, while for each invoice that concerns the sessions of the Parliamentary Committees, a copy of the list of attendants is produced, on which all the persons present at each session will be noted (MP's, officials, journalists and guests), so that the number of persons present and the number of treats charged is checked/compared by the accounting department of the House of Representatives.

- ◆ Purchase of gifts for guests, without inviting tenders, contrary to the provisions of article 90(1)(b) of Law 73(I)/2016.

We suggested that the Financial Management Department proceeds and invites tenders, from a limited number of economic operators, for the purchase of gifts which are expected to be given to the guests during the year.

- ◆ A significant deviation of the actual expenditure from the budgeted amounts of article "Conferences, Seminars & Other Facts".

We suggested that the Budget is prepared more rationally and with the due attention.

- ◆ Reservations of airline tickets for official trips not made in time, with the result of an increase in the cost of overseas trips.

We suggested that, as much as possible, a better planning has to be made by the MP's, in such a way that the reservation of airline tickets is done in time and the most favourable prices are achieved.

- ◆ The non-usage of the electronic system of recording the arrival and departure of the employees from their work, in contrast with the relevant circulars of the Public Administration and Personnel Department.

We pointed out that there has to be a compliance with the provisions of the circular that governs the check of time attendance in the Civil Service.