



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

AUDIT OF THE LAW OFFICE

Executive Summary



**AUDIT OFFICE OF THE REPUBLIC
SPECIAL REPORT no. NY/01/2022**

16 December 2022



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

AUDIT OF THE LAW OFFICE

Executive Summary

Executive Summary

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 Law Office, was audited in the context of the audit in question for the year ended 31.12.2021. A compliance audit was also carried out for the above year, mainly in relation to the findings and recommendations that were derived from previous audits of our Office.

The most important findings of the audit are summarized below:

- ◆ People initially employed with Service Lease Agreements are later turn into a permanent employment status, due to extensions of their agreements.

We recommended compliance with the relevant provisions set out in the Ministry of Finance and Treasury circulars.

- ◆ Amounts received are not timely deposited in the General Government Account.

We recommended compliance with the provisions of Financial and Accounting Instructions.

- ◆ In two cases, payments made were not authorized by the Controlling Officer or his duly authorized representative. Additionally, certain payment was made, without even receiving the necessary recommendation.

We recommended compliance with the provisions of the Financial and Accounting Instructions and relevant Treasury circular.

- ◆ Since December 2015, the Law Office receives services from a certain foreign Law Firm, for which the due VAT is not paid to the Department of taxation.

We recommended compliance with the provisions of the relevant Treasury circular and taking the required corrective actions, in accordance with the provisions of the VAT General Regulations, as amended.

- ◆ In some cases, we were not able to confirm the correctness of all the amounts mentioned in the invoices issued by the foreign Law Firm mentioned above, since no evidence was attached to them, such as the experts hourly wage rate, postages, travelling and translation expenses.

We recommended compliance with the Treasury circular, which stipulates that the expenditure should be accompanied by the necessary supporting documents, which confirm and verify the legality and compliance of each payment.

- ◆ Travelling Payment Vouchers, completed by the Criminal Investigators do not include all the necessary data/information regarding their movements.

We recommended that Travelling Payment Vouchers should be filled with all the necessary details.

- ◆ In cases of compensation payments by the Republic of Cyprus, the deductions for Special Defence Contribution and the Health General System out of interest payable are not always carried out.

We recommended the faithful implementation of the provisions of the relevant legislation.

- ◆ No written agreements were signed between the Republic of Cyprus and above mentioned Law Firm for services provided, in relation to the protection of the “Halloumi” trademark. In addition, the agreed discount of 15% is not always granted on all invoices.

We recommended the signing of written agreements that accurately reflect the services provided, terms and conditions governing the agreement, binding deadlines and corresponding fees.

- ◆ No safe conclusions can be drawn whether payments made are carried out without delays, since invoices and other supporting documentation were not stamped with the date of receipt.
- ◆ **We recommended compliance with the provisions of relevant Treasury circulars.**
- ◆ We identified cases where payments made, were delayed and in some cases the period of delay, exceeded five months.

We recommended compliance with the provisions of the legislation and the relevant Treasury circular.

- ◆ A large number of used forms and receipt books have not been destroyed in the last 12 years.

We recommended compliance with the provisions of the Financial and Accounting Instructions and relevant Treasury circular.