



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

AUDIT OF THE CENTRAL AGENCY FOR EQUAL BURDEN DISTRIBUTION SPECIAL REPORT FOR THE YEAR ENDED 31.12.2019

Executive Summary



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

17 June 2022



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SPECIAL REPORT ΚΦΙΚΒ/01/2022

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AUDITED ENTITY

Central Agency for Equal Burden Distribution

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The audit of the financial statements of the Central Agency for Equal Burden Distribution (CAEBD) for the year ended 31 December 2019 was assigned by our Office to private auditors on the basis of article 8 of the Law on the Submission of Data and Information to the Auditor General of the Republic (Law 113(I)/2002).

The auditor's report issued by the private auditors was communicated to our Office, together with the letter of Recommendations to the Management of the CAEBD.

The main findings of the private auditors are summarised below:

- The CAEBD has not recognized any expected credit losses (ECL) on non-performing loans as of the reporting date, due to the inability of the Housing Finance Corporation (HFC), which manages the loans, to apply appropriate procedures; a practice which is not in line with the requirements of the International Financial Reporting Standard (IFRS 9) “Financial Instruments”.
- Due to the incorrect approach in the calculation of the Total Variable Interest (TVI) by a particular Credit Institution for housing loans granted in the period 2006-2009, significant overcharging of interest arose at the expense of the borrowers which affects the level of interest subsidized by the CAEBD. The Credit Institution did not provide the relevant information to the CAEBD in order to claim return of any potential excess amounts of subsidy.