

AUDIT OF THE MINISTRY OF DEFENCE EXECUTIVE SUMMARY



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

19 December 2022



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

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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, in the context of which we audited a sample of receipt and payment transactions of the Ministry of Defence (MoD), for the year ended 31.12.2021. Additionally, an audit was carried out to a number of National Guard (NG) Military Units, in the context of which, weaponry – ammunitions, supplies – food, fuels, general material and cash, were counted, among others.

The most important findings from the audit, are summarized below:

- ◆ In a certain military camp situated in a forest area, basic fuel loads are stored outdoor in barrels. In the event of a fire, this involves risk of ignition.

As to avoid any fire hazards, we recommended to consider the adoption of additional protective measures.

- ◆ Significant, unjustified discrepancies were stated in the weaponry, ammunition and attractive materials stock taking minutes of a certain NG military Unit, which neither were detected nor investigated by the pertinent committee that signed the minutes in question.

However, we observed that there were no unjustified differences in a subsequent stock taking report, prepared in respect of the same stock taking.

We pointed out the need to demonstrate due care and due diligence when conducting the above stock taking and preparing the relevant minutes.

- ◆ Cartridges of 7.62 mm were kept in the armory of a NG certain military Unit, which did not have the necessary fire safety measures, as specified in the National Guard General Staff (NGGS) relevant General Order.

We pointed out the necessity for compliance to the provisions of the above-mentioned General Order.

- ◆ Upon an audit of our Office concerning the members of the NG Health Corps admission to the Health General System (HGS), without obtaining the Minister of Defence required approval (Special Report ΥΠΑΜ/01/2020, published on 26.1.2020), the Commissioner of Taxation decided the prosecution of one doctor, while the relevant correspondence for the rest of them, was sent for investigation to the District Tax Offices. Additionally, the Social Insurance Services found that all doctors in question were not registered as self-employed, even though they were receiving in addition to their monthly salary, significant sums of money from the HGS. The Attorney General of the Republic ruled that against the military doctors in question no evidence was found to demonstrate the commission of criminal offenses.

- ◆ We noticed cases of inadequate control of compliance with the Public Service statutory working hours and non-uniformity regarding the handling of the system for recording the MoD civilian personnel time of arrival and departure to/from the work.

We recommended that relevant approval should be requested from the Department of Public Administration and Personnel for the implementation of any arrangement/deviation which is deemed necessary for official reasons.

- ◆ According to a NGGS document, a civilian type aircraft (A/F) of the Hellenic Air Forces, used for transporting Officials, would be granted to the Republic of Cyprus, on the basis of an intergovernmental agreement. For its immediate use, specific costs of €750.000 as well as an additional annual amount of €410.000 for the periodic maintenance and subscriptions, were required. Our Office, among other things, requested to be informed whether, a cost-benefit analysis on the basis of the comparative data/figures available to the Presidency, had been prepared, as well as if the House of Representatives had been informed, about the multi-annual commitments derived from the acquisition of the aforesaid A/F, such as periodic maintenance costs, etc.
- ◆ Our Office has pointed out to the MoD since 2019, that its relocation to a rented building, with an annual cost of €794.475 plus an amount of €26.400 for parking space, is not the most economically advantageous option and we recommended that all legal procedures required for the construction of a new proprietary building should be promoted as soon as possible. In October 2022, the MoD informed us, that based on the recommendations of the Department of Town Planning and Housing, the required actions will be promoted. In addition, procedures will be referred to the Ministry of Finance and the Council of Ministers in order to secure the necessary funds and approvals.
- ◆ The investigation of the case related to the medical expenses (€101.375) of a military Defence Attaché, during his service abroad at a certain Embassy, was completed and the Attorney General of the Republic ruled that no evidence was found against him to demonstrate the commission of any criminal offense. However, it appeared that there were significant gaps/ weaknesses and/ or no control procedures were applied by the competent government bodies involved, regarding the reimbursement of medical and pharmaceutical expenses of the members the Diplomatic Missions of the Republic of Cyprus, abroad.