



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

AIR TRAVEL OF THE PRESIDENT OF THE REPUBLIC



AUDIT OFFICE OF THE REPUBLIC
SPECIAL REPORT no. ΠΜ/01/2020

AIR TRAVEL OF THE PRESIDENT OF THE REPUBLIC

AUDITED ENTITY:

Presidency and Presidential Palace

TABLE OF ABBREVIATIONS

PoR President of the Republic

1 Executive Summary

After the incident with the aircraft with which the President of the Republic (PoR) travelled from New York on 28 September 2019, our Office has proceeded with an examination of the air travel of the PoR during the period 01.01.2018 – 30.09.2019, as well as certain trips which took place in 2016 and 2017 with chartered aircrafts.

During 2018, the PoR made 19 business trips overseas and during the period 01.01.2019 – 30.09.2019 16 trips. From these trips, 14 were made through travel agencies with scheduled flights, 2 trips were made through travel agencies during departure and with a chartered aircraft, without any cost to the Republic, during arrival, 17 trips were made with a chartered aircraft, without any cost to the Republic and 2 with a chartered aircraft with a cost of €60.000 for each trip.

The expenses for chartered flights of the PoR were undertaken, according to his statement, by Mr. Chris Lazari, a Cypriot by origin, living in London and after his death, the responsibility was undertaken by his inheritors. As for the issue of accepting gifts for these travels, our Office is of the opinion and recommends, that as long as the Presidency decides, with political criteria, to accept gifts for this specific purpose, then criteria have to be set for which gifts can be acceptable (e.g. only citizens of the Republic and/or foreign citizens, residents of the Republic of Cyprus and/or residents of third countries, if connections of donors will be permitted with the Cypriot public sector through public procurement or otherwise, potential maximum amount for donations, etc.). For example, in The Political Parties Law it is defined that contributions over €50.000 or contributions from companies not registered according to the Companies Law, are forbidden, or, in the case of an individual, contributions over €5.000 are not permitted if this person does not hold Cypriot citizenship or does not have Cypriot origin. The criteria and the procedure have to be set in writing before the Ministry of Finance, as provided by the relevant legislation, and later be published for transparency reasons. Also, it is our suggestion that the donors and the amounts that they will offer should be published.

As for the Public Procurement procedures for chartering aircrafts, it arises that these were not complied with for the reasons which are extensively mentioned in the present Report. It is however a fact that chartering of aircraft was, as a rule, made at low or very low prices and therefore the issue of embezzlement of public money does not arise. This does not affect the obligation of the Administration of the Presidency to follow legitimate procedures and to comply with the principles of transparency and equal treatment of all economic institutions, principles which constitute the quintessence of the European and Cypriot legislation on public procurement. We have already been informed by the Head of the Administration of the Presidency that the Presidency, for the purposes of reinforcing the effectiveness and transparency of the relevant procedures, decided to invite to a relevant tender. Our Office has been informed about the underway adoption of the framework to assign public procurement for chartering aircrafts, which it considers as very satisfactory. Therefore, given its adoption, we will not make any further recommendations about this issue.

As regards to the issue of buying tickets on scheduled flights, our Special Report with no. ΠΜ/01/2019 dated 17.7.2019 and our recommendations therein, are relevant.

During August 2018, the PoR travelled privately to Seychelles with his family, for holidays. Our Office does not have the jurisdiction to audit any expenditure that a state official or civil servant makes for private purposes, since this does not concern public expenditure. Nevertheless, we examined the matter, since resulting tax issues could have possibly emerged. We stressed that in the case of tax issues which concern any person (individual or legal) subject to taxation, the audited entity by the Audit Office is always the Tax Department and not the person, even if it concerns a civil servant or

state official. While investigating this matter, the PoR himself informed us that the aircraft, which has its base at Larnaca airport, was flying to Seychelles to take the family of the owner of the aircraft, where he was having a vacation. Due to the friendly relations maintained with the PoR, the owner of the aircraft proposed to him, in order to avoid commercial flights with stopovers, to arrange for the President and his family to fly on the day the aircraft was already scheduled to depart to Seychelles and the return trip was also arranged in a similar way. Since the use of the aircraft occurred due to the friendly relations the PoR maintains with the owner of the aircraft and not in any way as an offer to the Republic of Cyprus, no tax issues arise.