

**Gibraltar Audit Office**  
23 John Mackintosh Square  
Gibraltar

Your Ref:  
Our Ref: HWA/12

18 March 2013

Mr J Baglietto  
Head of Administration and Finance  
Housing Works Agency  
Unit 12  
45 North Mole Road  
Gibraltar

*Dear John,*

**HOUSING WORKS AGENCY – ACCOUNTS FOR YEAR ENDED 31 MARCH  
2012**

I forward herewith the audited accounts of the Housing Works Agency for the year ended 31 March 2012. I have issued a report on the accounts.

You are now required to take action pursuant to Section 15(3) of the Housing Works Agency Act, 2011.

Yours sincerely,

J C Posso  
Principal Auditor

Copied to: Financial Secretary  
Chief Secretary



Gibraltar Audit Office

**Report of the Principal Auditor**

on the Accounts of the  
Housing Works Agency  
for the financial year ended  
31 March 2012

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## Gibraltar Audit Office

### **THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO THE PARLIAMENT**

I certify that I have audited the financial statements of the Housing Works Agency for the financial year ended 31 March 2012 in accordance with the provisions of Section 15(2) of the Housing Works Agency Act 2011. These statements comprise the Receipts and Payments Account, the Capital Account, the Balance Sheet and the related note.

#### **Respective responsibilities of the Housing Works Agency and the Principal Auditor**

The Housing Works Agency is responsible for the preparation of the financial statements and for being satisfied that they are properly presented.

My responsibility is to audit, certify and report on the financial statements in accordance with the provisions of Section 15(2) and (3) of the Housing Works Agency Act 2011. I conducted my audit of the financial statements in accordance with generally accepted government auditing standards.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Housing Works Agency's circumstances and have been consistently applied and adequately disclosed; and the overall presentation of the financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities, which govern them.

#### **Opinion on regularity**

In my opinion, in all material respects, the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities, which govern them.

**Opinion on financial statements**

In my opinion, the financial statements properly present the receipts and payments for the financial year ended 31 March 2012 and the assets and liabilities as at the end of that period.

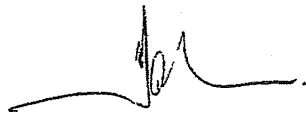
**Matters on which I report by exception**

I have nothing to report in respect of the following matters, which I report to you if, in my opinion:

- I have not received all of the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the audit; or
- proper books of account have not been kept by the Housing Works Agency, so far as appears from the examination of those books; or
- the Housing Works Agency has not discharged its financial duties and obligations in accordance with the provisions of the Housing Works Agency Act 2011; or
- the financial statements are not in agreement with the accounting records.

**Report**

The observations on the financial statements are detailed in my Report that follows.



J C Posso  
Principal Auditor  
18 March 2013

Gibraltar Audit Office  
23 John Mackintosh Square  
Gibraltar

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**HOUSING WORKS AGENCY**  
**ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

**REPORT**

- 1.1.1 *Recurrent Account – Contribution:* The overall Government of Gibraltar recurrent contribution during the financial year 2011-12 to the Housing Works Agency (HWA) amounted to £6,013,000 compared to the approved budget allocation of £5,680,000.
- 1.2.1 *Recurrent Account – Payments:* The total recurrent expenditure of the HWA in the financial year 2011-12 was £6,000,730, an increase of £320,730 (5.6%) compared with the approved budget allocation of £5,680,000. The main variances between the approved budget and the actual expenditure for the financial year 2011-12 were as follows:
- 1.2.2 Personal Emoluments – Total Personal Emoluments during the financial year 2011-12 amounted to £1,522,287, a decrease of £180,713 (10.6%) against the approved budget of £1,703,000. The Finance Manager explained that the decrease between the actual expenditure and the approved budget was mainly attributable to the following:
- (i) A saving in salaries of nearly £121,000 as a result of one vacant post not filled during the financial year, five vacant posts not filled until August 2011, three posts discontinued at the end of November 2011, one post discontinued at the end of January 2012 and the arrears in respect of the pay increase to administrative employees in respect of their transfer to the HWA, not paid until the following financial year;
  - (ii) There was also a saving in overtime of almost £77,000 due mainly to the approved budget allocation being based on the assumption that overtime would continue as in the previous year in the defunct Buildings and Works Department; and
  - (iii) There was an excess of just over £26,300 in allowances as a result of substitution paid to cover one unfilled vacancy during the whole of the financial year, five unfilled vacant posts during a period of four months and an ex-gratia payment made to an officer.
- 1.2.3 Industrial Wages – The total Industrial Wages expenditure for the financial year under review totalled £3,275,100, an increase of £47,100 (1.5%) against the approved budget of £3,228,000. The Finance Manager informed me that the increase between the actual expenditure and the approved budget was largely attributable to the following:
- (i) An over expenditure in overtime of £86,500 as a result of a difference of £65,000 between the estimate submission and the approved budget and no provision made for the payment of around £14,000 of overtime

accrued from the previous financial year from the defunct Buildings and Works Department paid in the financial year 2011-12; and

- (ii) On the other hand, there was a saving of nearly £32,000 in basic wages mainly as a result of one employee retiring on medical grounds in November 2011 and two employees retiring under the early exit scheme in May 2011 and December 2011.

1.2.4 Social Insurance Contributions – There was an over expenditure in social insurance contributions amounting to £260,799, as only a token provision of £2,000 was allocated in the approved budget.

1.2.5 Materials – Expenditure in respect of materials for the financial year under review totalled £652,206, an increase of £52,206 (8.7%) compared with the approved budget of £600,000. The Finance Manager explained that the variance between the approved budget and actual expenditure was principally as a result of unbudgeted procurement of materials required to undertake a backlog of work inherited from the defunct Buildings and Works Department.

1.2.6 Outsourced Works – The unbudgeted expenditure amounting to £57,703 was directly due to a Government commitment to meet costs in connection with the removal and disposal of asbestos, specialised sewage services and the hiring and erection of scaffolding.

1.2.7 Compensation and Legal Costs – The unbudgeted expenditure totalling £72,462 was specifically to meet the compensation and legal costs in connection with a case by an HWA employee.

1.3.1 Capital Account – Works and Equipment: Expenditure amounting to £419,267 was mainly attributable to the cost of purchasing a fleet of motor vehicles amounting to £379,203 and the cost of upgrading and amendments made to the computer database system amounting to £28,564.



# **HOUSING WORKS AGENCY**

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ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012





**Housing Works Agency**

**RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**RECURRENT ACCOUNT**

**RECEIPTS**

Contribution from the Government of Gibraltar

£6,013,000.00

**PAYMENTS**

**Personal Emoluments:**

|                |               |               |
|----------------|---------------|---------------|
| Salaries       | £1,208,105.84 |               |
| Overtime       | £53,139.41    |               |
| Allowances     | £78,339.98    |               |
| Bonus Payments | £182,702.22   |               |
|                | <hr/>         | £1,522,287.45 |

**Industrial Wages:**

|                |               |               |
|----------------|---------------|---------------|
| Basic          | £2,523,300.72 |               |
| Overtime       | £136,541.68   |               |
| Allowances     | £256.44       |               |
| Bonus Payments | £615,001.16   |               |
|                | <hr/>         | £3,275,100.00 |

**Employer's Contributions:**

|                  |  |             |
|------------------|--|-------------|
| Social Insurance |  | £262,799.22 |
|------------------|--|-------------|

**Other Recurrent Expenditure:**

**Office Expenditure:**

|                         |            |            |
|-------------------------|------------|------------|
| General Expenses        | £26,544.32 |            |
| Electricity and Water   | £17,876.63 |            |
| Telephone Service       | £23,863.33 |            |
| Printing and Stationery | £10,799.72 |            |
|                         | <hr/>      | £79,084.00 |

**Contracted Services:**

|                 |  |            |
|-----------------|--|------------|
| Office Cleaning |  | £15,499.44 |
|-----------------|--|------------|

carried forward 

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 £5,154,770.11



**RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

|                                  |                 |                    |                        |
|----------------------------------|-----------------|--------------------|------------------------|
|                                  | brought forward | £5,154,770.11      |                        |
| <b><u>PAYMENTS (cont)</u></b>    |                 |                    |                        |
| Operational Expenses:            |                 |                    |                        |
| Protective Clothing and Uniforms | £48,191.87      |                    |                        |
| Transport Expenses               | £4,870.68       |                    |                        |
| Small Plant and Tools            | £7,776.35       |                    |                        |
| Materials                        | £652,205.98     |                    |                        |
| Training                         | £2,750.00       |                    |                        |
| Outsourced Works                 | £57,703.00      |                    |                        |
| Compensation and Legal Costs     | £72,462.16      |                    |                        |
|                                  |                 |                    |                        |
|                                  |                 | <u>£845,960.04</u> |                        |
|                                  |                 |                    |                        |
|                                  |                 |                    | <u>(£6,000,730.15)</u> |
|                                  | Net Receipts    |                    | <u>£12,269.85</u>      |

**CAPITAL ACCOUNT**

|   |  |             |
|---|--|-------------|
| <b><u>RECEIPTS</u></b>                        |  |             |
| Contribution from the Government of Gibraltar |  | £408,000.00 |

|                        |              |                     |
|------------------------|--------------|---------------------|
| <b><u>PAYMENTS</u></b> |              |                     |
| Works and Equipment    |              | (£419,267.23)       |
|                        | Net Payments | <u>(£11,267.23)</u> |



**BALANCE SHEET AS AT 31 MARCH 2012**

**ASSETS**

**Recurrent Account**

Amount held by the Government of Gibraltar £12,269.85

**Capital Account**

Amount due to the Government of Gibraltar  
(£11,267.23)  
£1,002.62

**FINANCED BY**

**Recurrent Account**

Account Balance on 1 April 2011 -  
Net Receipts during the year £12,269.85  
Account Balance on 31 March 2012 £12,269.85

**Capital Account**

Account Balance on 1 April 2011 -  
Net Payments during the year (£11,267.23)  
Account Balance on 31 March 2012 (£11,267.23)  
General Fund Balance on 31 March 2012 £1,002.62

John Baglietto  
Head of Administration and Finance  
Housing Works Agency  
18 March 2013

**NOTE TO THE ACCOUNTS:**

**(1) Accounting Policies:**

The financial statements of the Agency are prepared on a cash basis of accounting, in line with the standards for the preparation of the public accounts of Gibraltar.