



Gibraltar Audit Office
23 John Mackintosh Square
Gibraltar

Your Ref:
Our Ref: HWA/12

3 September 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 2013

I forward herewith the audited accounts of the Housing Works Agency for the year ended 31 March 2013. I have issued a report on the accounts.

You are now required to take action pursuant to Section 15(4) of the Housing Works Agency Act, 2011.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'J C Posso'.

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 2013

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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 2013 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 15(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 2013 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 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
3 September 2013

Gibraltar Audit Office
23 John Mackintosh Square
Gibraltar

HOUSING WORKS AGENCY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

REPORT

- 1.1.1 *Recurrent Account – Contribution:* The Government of Gibraltar recurrent contribution to the Housing Works Agency (HWA) during the financial year 2012-13 amounted to £5,664,000 compared to the approved budget allocation of £5,914,000.
- 1.2.1 *Recurrent Account – Payments:* The total recurrent expenditure of the HWA in the financial year 2012-13 was £5,660,615 a decrease of £253,385 compared with the approved budget allocation of £5,914,000. The main variances between the approved budget and the actual expenditure for the financial year 2012-13 were as follows:
- 1.2.2 Industrial Wages – The total Industrial Wages expenditure for the financial year under review totalled £2,996,328, a decrease of £188,672 against the approved budget of £3,185,000. The Head of Administration and Finance explained that the decrease was largely attributable to the following:
- (i) A decrease of £107,795 in Basic Wages as a result of 4 officers who retired through the early exit scheme, 4 officers promoted from industrial to non-industrial grades and 2 transfers out of the HWA, adversely countered by the annual pay review increase in August 2012; and
 - (ii) A decrease of £79,003 in Bonus Payments due to loss of attendance bonus as a result of sick leave; and loss of productivity bonus due to non-qualification because of sick leave and loss of industrial personnel through retirement, promotion and transfers.
- 1.2.3 Materials – Expenditure in respect of materials for the financial year under review totalled £527,950, a decrease of £72,050 compared to the approved budget of £600,000. The Head of Administration and Finance explained that the variance was principally as a result of the difficulty in quantifying the volume of tenant demand and that a £600,000 ceiling had been set to cover maximum expected demand based on historical data.
- 1.2.4 Self-Repair Scheme – Total expenditure for the financial year was £38,342, a decrease of £61,658 compared to the approved budget of £100,000. The Head of Administration and Finance explained that the expenditure is demand led and a ceiling of £100,000 had been set. A major factor for the decrease in expenditure was that the scheme came into operation in September 2012, six months after the beginning of the financial year.
- 1.2.5 Compensation and Legal Costs – The actual expenditure was £105,331 when there was no amount approved. The Head of Administration and

Finance explained that funding is requested as and when claims have to be paid and that the majority of the expenditure during the financial year in question was in respect of a claim regarding an accident at work.



HOUSING WORKS AGENCY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013



Housing Works Agency

RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

2012

RECURRENT ACCOUNT

RECEIPTS

Contribution from the Government of Gibraltar £5,664,000.00 £6,013,000.00

PAYMENTS

Personal Emoluments:

Salaries	£1,256,733.02	£1,208,105.84
Overtime	£32,456.99	£53,139.41
Allowances	£39,168.84	£78,339.98
Bonus Payments	£188,631.39	£182,702.22
	<u>£1,516,990.24</u>	<u>£1,522,287.45</u>

Industrial Wages:

Basic	£2,299,204.77	£2,523,300.72
Overtime	£133,126.64	£136,541.68
Allowances	£0.00	£256.44
Bonus Payments	£563,996.85	£615,001.16
	<u>£2,996,328.26</u>	<u>£3,275,100.00</u>

Employer's Contributions:

Social Insurance £237,413.51 £262,799.22

Other Recurrent Expenditure:

Office Expenditure:

General Expenses	£22,883.71	£26,544.32
Electricity and Water	£15,611.44	£17,876.63
Telephone Service	£22,269.71	£23,863.33
Printing and Stationery	£9,923.89	£10,799.72
	<u>£70,688.75</u>	<u>£79,084.00</u>

Contracted Services:

Office Cleaning £19,968.00 £15,499.44

carried forward £4,841,388.76 £5,154,770.11



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

2012

	brought forward	£4,841,388.76	£5,154,770.11
<u>PAYMENTS (cont)</u>			
Operational Expenses:			
Protective Clothing and Uniforms		£35,321.72	£48,191.87
Transport Expenses		£4,819.38	£4,870.68
Small Plant and Tools		£12,121.48	£7,776.35
Materials		£527,949.94	£652,205.98
Training		£7,790.00	£2,750.00
Outsourced Works		£87,550.49	£57,703.00
Self Repair Scheme		£38,342.24	£0.00
Compensation and Legal Costs		£105,330.89	£72,462.16
		<u>£819,226.14</u>	£845,960.04
		(£5,660,614.90)	(£6,000,730.15)
	Net Receipts	<u>£3,385.10</u>	<u>£12,269.85</u>

CAPITAL ACCOUNT

RECEIPTS

Contribution from the Government of Gibraltar	£7,000.00	£408,000.00
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PAYMENTS

Works and Equipment	(£10,922.00)	(£419,267.23)
Net Payments	<u>(£3,922.00)</u>	<u>(£11,267.23)</u>



BALANCE SHEET AS AT 31 MARCH 2013

2012

ASSETS

Recurrent Account

Amount held by the Government of Gibraltar

£15,654.95

£12,269.85

Capital Account

Amount due to the Government of Gibraltar

(£15,189.23)

(£11,267.23)

£465.72

£1,002.62

FINANCED BY

Recurrent Account

Account Balance on 1 April 2012

£12,269.85

-

Net (Payments)/Receipts during the year

£3,385.10

£12,269.85

Account Balance on 31 March 2013

£15,654.95

£12,269.85

Capital Account

Account Balance on 1 April 2012

(£11,267.23)

-

Net Payments during the year

(£3,922.00)

(£11,267.23)

Account Balance on 31 March 2013

(£15,189.23)

(£11,267.23)

General Fund Balance on 31 March 2013

£465.72

£1,002.62

John Baglietto
 Head of Administration and Finance
 Housing Works Agency
 16 August 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.