



Gibraltar Audit Office
Elmslie House
51/53 Irish Town
PO Box 1412
Gibraltar

Your Ref:
Our Ref: HWA/12

11 November 2014

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

Dear John,

HOUSING WORKS AGENCY – ACCOUNTS FOR YEAR ENDED 31 MARCH 2014

I forward herewith the audited accounts of the Housing Works Agency for the year ended 31 March 2014. 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 read 'J 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 2014

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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 2014 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 notes. These financial statements have been prepared using the cash receipts and disbursements basis of accounting.

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. The Housing Works Agency's policy is to prepare the financial statements on the cash receipts and disbursements basis. On this basis revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

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 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 that 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 that govern them.

Opinion on financial statements

In my opinion, the financial statements properly present the revenue collected and expenses paid by Housing Works Agency during the financial year ended 31 March 2014 and the assets and liabilities arising from cash transactions as at the end of that period in accordance with the cash receipts and disbursements basis of accounting.

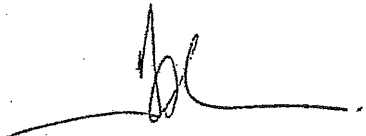
Matters on which I report by exception

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
11 November 2014

Gibraltar Audit Office
Elmslie House
51/53 Irish Town
Gibraltar

**HOUSING WORKS AGENCY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

REPORT

- 1.1.1 *Recurrent Account – Contribution*: The Government of Gibraltar recurrent contribution to the Housing Works Agency (HWA) during the financial year 2013-14 amounted to £5,499,000 compared to the approved budget allocation of £5,575,000.
- 1.2.1 *Recurrent Account – Payments*: The total recurrent expenditure of the HWA in the financial year 2013-14 was £5,493,974 a decrease of £81,026 compared with the approved budget allocation of £5,575,000. The main variances between the approved budget and the actual expenditure for the financial year 2013-14 were as follows:
- 1.2.2 Personal Emoluments – Total Personal Emoluments for the financial year under review totalled £1,550,370, an increase of £90,370 against the approved budget of £1,460,000, which was largely attributable to the following:
- (i) An unbudgeted expense of around £43.4k in Salaries as a result of the unforeseen transfer to the Agency of a senior officer from the Housing Department;
 - (ii) The cost of the annual pay increase amounting to around £26.5k;
 - (iii) A difference between the budget submission and the approved estimate of around £61k; and
 - (iv) On the other hand, around 37k of savings in respect of unfilled vacancies and £4.4k underspent in overtime.
- 1.2.3 Industrial Wages – Total Industrial Wages for the financial year 2013-14 was £2,888,786, a decrease of £18,214 compared against the Approved Estimate of £2,907,000, mainly as a result of the following:
- (i) Savings of around £35.5k due to retirements under the Early Exit Scheme;
 - (ii) Savings of about £24.9k due to a resignation;
 - (iii) Savings of £34.6k as a result of employees not qualifying for the payment of the attendance and productivity bonuses;
 - (iv) On the other hand, the cost of the annual pay increase amounting to around £57.3k; and
 - (v) An excess of £20.2k in emergency overtime.

- 1.2.4 Employer's Social Insurance Contributions – There was a saving in Employer's Social Insurance Contributions amounting to £19,605 between the Approved Estimate of £245,000 and actual expenditure totalling £225,395, mainly as a result of four employees who retired and one employee who resigned saving around £7.7k; and the approved allocation exceeding the budget submission by £13k.
- 1.2.5 Materials – Expenditure in respect of materials for the financial year under review totalled £436,595, a decrease of £163,405 compared to the approved budget of £600,000, 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.
- 1.2.6 Self-Repair Scheme – Total expenditure for the financial year 2013-14 was £135,629, an increase of £35,629 compared to the approved budget of £100,000. The Head of Finance, Administration and Resources explained that the Self-Repair Scheme expenditure is demand led and a ceiling of £100,000 had been set based on historical data. However, demand had been higher than expected during the financial year in question and the approved estimate for the next financial year was increased to £150,000.



HOUSING WORKS AGENCY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

RECURRENT ACCOUNT

2013

RECEIPTS

Contribution from the Government of Gibraltar	£5,499,000	£5,664,000
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PAYMENTS

Personal Emoluments:

Salaries	£1,282,432	£1,256,733
Overtime	£31,563	£32,457
Allowances	£34,928	£39,169
Bonus Payments	£201,447	£188,631
	<u>£1,550,370</u>	<u>£1,516,990</u>

Industrial Wages:

Basic	£2,187,106	£2,299,205
Overtime	£164,368	£133,126
Bonus Payments	£537,312	£563,997
	<u>£2,888,786</u>	<u>£2,996,328</u>

Employer's Contributions:

Social Insurance	£225,395	£237,414
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Other Recurrent Expenditure:

Office Expenditure:

General Expenses	£17,192	£22,884
Electricity and Water	£12,515	£15,611
Telephone Service	£22,291	£22,270
Printing and Stationery	£9,706	£9,924
	<u>£61,704</u>	<u>£70,689</u>

Contracted Services:

Office Cleaning	£19,901	£19,968
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carried forward	<u>£4,746,156</u>	<u>£4,841,389</u>
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RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

2013

	brought forward	£4,746,156	£4,841,389
<u>PAYMENTS (cont)</u>			
Operational Expenses:			
Materials	(2)	£436,595	£527,950
Self Repair Scheme		£135,629	£38,342
Outsourced Works		£99,641	£87,551
Protective Clothing and Uniforms		£32,198	£35,322
Transport Expenses		£15,984	£4,819
Small Plant and Tools		£11,437	£12,121
Training		£10,390	£7,790
Ex Gratia Payments		£5,944	-
Compensation and Legal Costs		-	£105,331
		<u>£747,818</u>	<u>£819,226</u>
		(£5,493,974)	(£5,660,615)
	Net Receipts	<u>£5,026</u>	<u>£3,385</u>

CAPITAL ACCOUNT

RECEIPTS

Contribution from the Government of Gibraltar	£12,000	£7,000
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PAYMENTS

Works and Equipment	(£16,496)	(£10,922)
Net Payments	<u>(£4,496)</u>	<u>(£3,922)</u>



BALANCE SHEET AS AT 31 MARCH 2014

		<u>2013</u>
<u>ASSETS</u>		
Recurrent Account		
Amount held by the Government of Gibraltar	£20,681	£15,655
Capital Account		
Amount due to the Government of Gibraltar	(£19,685)	(£15,189)
	<u>£996</u>	<u>£466</u>
<u>FINANCED BY</u>		
Recurrent Account		
Account Balance on 1 April 2013	£15,655	£12,270
Net Receipts during the year	<u>£5,026</u>	<u>£3,385</u>
Account Balance on 31 March 2014	£20,681	£15,655
Capital Account		
Account Balance on 1 April 2013	(£15,189)	(£11,267)
Net Payments during the year	<u>(£4,496)</u>	<u>(£3,922)</u>
Account Balance on 31 March 2014	(£19,685)	(£15,189)
General Fund Balance on 31 March 2014	<u>£996</u>	<u>£466</u>


 John Baglietto
 Head of Housing Works Agency
 3 November 2014

NOTES 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.

(2) Materials

Out of the total of £436,595 shown under materials, £18,311 represents cleaning materials.