



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

Your Ref:
Our Ref: HWA/12

25 May 2016

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 2015

I forward herewith the audited accounts of the Housing Works Agency for the year ended 31 March 2015. 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,

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 2015

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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 2015 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 2015 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.

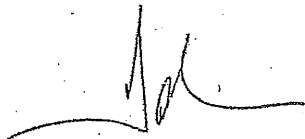
Matters on which I report by exception

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
25 May 2016

Gibraltar Audit Office
Elmslie House
51/53 Irish Town
Gibraltar

HOUSING WORKS AGENCY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

REPORT

- 1.1.1 *Recurrent Account – Contribution:* The Government of Gibraltar recurrent contribution to the Housing Works Agency (HWA) during the financial year 2014-15 totalled £7,649,000 compared to the approved budget allocation of £5,660,000.
- 2.1.1 *Recurrent Account – Payments:* The total recurrent expenditure of the HWA in the financial year 2014-15 was £7,646,824 an increase of £1,986,824 compared to the approved budget allocation of £5,660,000. The main variances between the approved budget and the actual expenditure for the financial year 2014-15 were as follows:
- 2.1.2 Personal Emoluments – Total Personal Emoluments for the financial year under review totalled £2,694,062, an increase of £1,124,062 against the approved budget of £1,570,000, largely attributable to the following:
- (i) Over £833,000 in Salaries mostly as a result of the transfer of the Housing Technical Division from the Housing Department to the HWA;
 - (ii) Overtime expenses of £111,520 primarily due to emergency services and overseeing major refurbishment works carried out after working hours by the transferred Housing Technical Division;
 - (iii) Substitution expenses amounting to almost £73,400 mainly incurred by the transferred Housing Technical Division and in respect of vacant posts due to retirements as a result of the Early Exit Scheme (EES); and
 - (iv) Productivity and attendance bonuses amounting to nearly £105,900 paid to the Housing Department's Technical Division.
- 2.1.3 Industrial Wages – Total Industrial Wages for the financial year 2014-15 was £2,700,903, a decrease of £192,097 compared against the approved budget of £2,893,000, mainly as a result of the following:
- (i) Savings of around £123,400 due to unfilled vacancies in respect of 9 retirements under the EES and 2 normal retirements;
 - (ii) Savings of nearly £76,400 mainly as a result of retirements under the EES and of current employees not qualifying for the payment of the attendance and productivity bonuses; and
 - (iii) On the other hand, an excess in unbudgeted overtime expenses of around £7,700 in respect of urgent works required in connection with

the refurbishment of offices for the transferred Housing Technical Division.

- 2.1.4 Materials – Expenditure in respect of materials for the financial year under review totalled £302,485, a decrease of £247,515 compared to the approved budget of £550,000, principally as a result of the difficulty in quantifying the volume of tenant demand and a £550,000 ceiling set to cover maximum expected demand based on historical data.
- 2.1.5 Self-Repair Scheme – Expenditure was £31,522 less than the approved budget of £150,000. The Head of Finance, Administration and Resources explained that the Self-Repair Scheme is demand led and a ceiling of £150,000 was set for the financial year 2014-15 based on the previous year's expenditure. However, demand was lower than expected during the financial year in question.
- 2.1.6 Outsourced Works – Expenditure against the approved budget of £95,000 fell short by £39,086. Again, the Head of Finance, Administration and Resources explained that this service is demand led, difficult to forecast and hence a sum of £95,000 was set during the financial year 2014-15. However, demand was lower than expected during the financial year in question.
- 2.1.7 The expenditure related to Technical and Design Expenses, Maintenance of Estates, Lift Maintenance, Estates – Cleaning of Internal Communal Areas and Estates – Upkeep of Communal Lighting collectively totalling £1,353,477 was budgeted to the Housing Department but during the financial year in question operational and financial responsibility was transferred to the HWA.
- 3.1.1 *Capital Account – Payments:* The increase in expenditure amounting to over £72,700 against the approved budget of £1,000 mainly related to the design, drawing, plans and the works carried out to and furniture and equipment purchased for the offices of the transferred Housing Technical Division.



HOUSING WORKS AGENCY

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

RECURRENT ACCOUNT

2014

RECEIPTS

Contribution from the Government of Gibraltar		£7,649,000	£5,499,000
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PAYMENTS

Personal Emoluments:

Salaries	£2,128,280		£1,282,432
Overtime	£147,520		£31,563
Allowances	£107,370		£34,928
Bonus Payments	£310,892		£201,447
		£2,694,062	£1,550,370

Industrial Wages:

Basic	£2,073,564		£2,187,106
Overtime	£153,735		£164,368
Bonus Payments	£473,604		£537,312
		£2,700,903	£2,888,786

Employer's Contributions:

Social Insurance		£232,624	£225,395
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Other Recurrent Expenditure:

Office Expenditure:

General Expenses	£12,531		£9,916
IT Expenses	£12,167		£7,276
Electricity and Water	£13,991		£12,515
Telephone Service	£28,490		£22,291
Printing and Stationery	£11,103		£9,706
		£78,282	£61,704

Contracted Services:

Office Cleaning		£24,864	£19,901
carried forward		£5,730,735	£4,746,156



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

2014

	brought forward	£5,730,735	£4,746,156
<u>PAYMENTS (cont)</u>			
Operational Expenses:			
Materials	(2)	£302,485	£436,595
Self Repair Scheme		£118,478	£135,629
Outsourced Works		£55,914	£99,641
Protective Clothing and Uniforms		£30,591	£32,198
Transport Expenses		£34,507	£15,984
Small Plant and Tools		£11,311	£11,437
Training		£8,684	£10,390
Technical and Design Expenses		£3,643	-
Maintenance of Estates		£1,001,372	-
Lift Maintenance	(3)	£155,916	-
Estates - Cleaning of Internal Communal Areas		£188,724	-
Estates - Upkeep of Communal Lighting		£3,822	-
Ex Gratia Payments		£642	-
		<u>£1,916,089</u>	<u>£747,818</u>
		(£7,646,824)	(£5,493,974)
Net Receipts		<u>£2,176</u>	<u>£5,026</u>

CAPITAL ACCOUNT

RECEIPTS

Contribution from the Government of Gibraltar	£71,000	£12,000
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PAYMENTS

Works and Equipment	(£72,716)	(£16,496)
Net Payments	<u>(£1,716)</u>	<u>(£4,496)</u>



BALANCE SHEET AS AT 31 MARCH 2015

ASSETS

2014

Recurrent Account

Amount held by the Government of Gibraltar	£22,857	£20,681
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Capital Account

Amount due to the Government of Gibraltar	(£21,401)	(£19,685)
	<u>£1,456</u>	<u>£996</u>

FINANCED BY

Recurrent Account

Account Balance on 1 April 2014	£20,681	£15,655
Net Receipts during the year	<u>£2,176</u>	<u>£5,026</u>
Account Balance on 31 March 2015	£22,857	£20,681

Capital Account

Account Balance on 1 April 2014	(£19,685)	(£15,189)
Net Payments during the year	<u>(£1,716)</u>	<u>(£4,496)</u>
Account Balance on 31 March 2015	(£21,401)	(£19,685)
General Fund Balance on 31 March 2015	<u>£1,456</u>	<u>£996</u>

John Baglietto
 Head of Housing Works Agency
 24 May 2016



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 £302,485 shown under materials, £16,244 represents cleaning materials.

(3) Payments:

These (new) subheads correspond to expenditure incurred by the Housing Technical Division who transferred to the Agency on 1 April 2014.