



Report of the Principal Auditor
on the Accounts of the
Gibraltar Health Authority
for the financial year ended
31 March 2015

REPORT OF THE PRINCIPAL AUDITOR ON THE ACCOUNTS OF
THE GIBRALTAR HEALTH AUTHORITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO PARLIAMENT ON THE ACCOUNTS OF THE GIBRALTAR HEALTH AUTHORITY

I certify that I have audited the financial statements of the Gibraltar Health Authority for the financial year ended 31 March 2015 in accordance with the provisions of Section 15(2) of the Medical (Gibraltar Health Authority) Act, 1987. 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 Gibraltar Health Authority and the Principal Auditor

The Gibraltar Health Authority is responsible for the preparation of the financial statements and for being satisfied that they are properly presented. The Gibraltar Health Authority'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 15(2) and (3) of the Medical (Gibraltar Health Authority) Act, 1987. 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 Gibraltar Health Authority'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 income and expenditure 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 income and expenditure 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 the Gibraltar Health Authority 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.

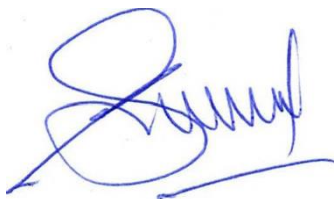
Matters for which I report by exception

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 purpose of the audit; or
- proper books of account have not been kept by the Gibraltar Health Authority, so far as appears from the examination of those books; or
- the Gibraltar Health Authority has not discharged its financial duties and obligations in accordance with the provisions of the Medical (Gibraltar Health Authority) Act, 1987; or
- the financial statements are not in agreement with the accounting records.

Report

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



A R Sacramento
Principal Auditor
Gibraltar Audit Office

14 November 2024

GIBRALTAR HEALTH AUTHORITY
ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

REPORT

- 1.1 Recurrent Account - Receipts:** Total receipts of the Gibraltar Health Authority (GHA) during the financial year 2014-15 amounting to £105.46m, exceeded the approved budget for the year of £101.63m by £3.83m (3.8%) and increased by £10.69m (11.3%) against the previous year's total of £94.77m.
- 1.2** The Government of Gibraltar's recurrent contribution to the GHA from revenues received during the year amounted to £53.58m; representing an increase of £3.73m (7.5%) against the approved budget contribution by the Government from revenues received of £49.85m. The variances were:
- Receipts from the Group Practice Medical Scheme during the financial year, amounting to £49.56m, rose by £3.76m (8.2%) compared to the approved budget for the year of £45.80m;
 - Other receipts totalling £443k increased by £43k compared to the approved budget allocation of £400k; and
 - Receipts in respect of services provided to the MOD, amounting to £927k, fell short of the approved budget of £1.00m by £73k.
- 1.3** The additional contribution received from the Government of Gibraltar during the financial year under review for recurrent expenditure was £47.95m, representing an increase of £3.52m (7.9%) against the approved budget for the year of £44.43m and a year-on-year increase of £8.02m (20.1%).
- 2.1 Recurrent Account - Payments:** Total recurrent expenditure during the financial year 2014-15 amounting to £105.47m surpassed the approved budget of £98.13m by £7.34m (7.5%) and increased by £10.70m (11.3%) against the previous year's total recurrent expenditure of £94.77m. The main variances between the approved budget and actual expenditure during the financial year under review are detailed in paragraphs 2.2 to 2.14 below.
- 2.2 Personal Emoluments** - Total expenditure on Personal Emoluments during the financial year amounting to £40.48m, increased by £0.23m (0.6%) compared to the approved budget of £40.25m. The variance was largely accounted for by the GHA as follows:
- Unbudgeted Temporary Assistance payments of £1.15m arising from the need to provide cover for essential vacancies during the year;
 - The increase in Overtime expenditure of £100k was due to higher than anticipated demand for services; staff shortages; and unexpected events that required additional hours from existing staff. This included having to cover for: absences; demand at peak periods; and critical projects requiring overtime work;

- An increase in Allowances of £46k due to: the further impact resulting from the introduction of the Agenda for Change Agreement; and the annual pay review; and
- On the other hand, there was a saving of £1.05m in relation to Salaries as a result of: unfilled vacancies; delays in recruitment; and higher than expected staff turnover.

2.3 Basic Wages - The reduction of £288k against the budget sum of £2.82m in Wages was also attributable to unfilled positions and delays in recruitment. Additionally, there was less reliance on temporary staff.

2.4 Relief Cover and Related Expenditure - Expenditure incurred during the financial year amounting to £2.42m exceeded the approved estimate of £2.00m by £421k due to the need for additional nursing and medical approved cover.

2.5 Visiting Consultants Fees and Expenses and Other Contracted Medical Services - An excess in expenditure of £349k against the approved estimate of £815k was due to: an increase in consultations; increased medical contract services; and an increase in nursing services.

2.6 Group Practice Medical Scheme (GPMS) Prescriptions - Expenditure in GPMS Prescriptions during the year amounted to £11.29m, an increase of £1.09m (10.7%) over the approved budget sum of £10.20m. The increase is attributable to higher patient volumes, in addition to an increase in prescription prices.

2.7 Drugs and Pharmaceuticals - An excess in expenditure of £1.31m against the allocated budget of £3.60m was due to an increase in clinical demand.

2.8 Medical Departments - The increase in expenditure of £336k against the approved budget of £2.23m was largely due to an increase in demand-led spending by the Pathology Department.

2.9 Medical and Surgical Appliances Expenses - There was an increase in expenditure of £576k against the approved budget of £1.30m. The overspend was largely due to clinical demand.

2.10 Dressings, Medical Gases and Tests - Expenditure incurred during the year amounting to £1.51m exceeded the approved budget of £1.20m by £312k. The overspend was due to demand for oxygen and other medicinal gases. Additionally, from this expenditure subhead the GHA also meets the needs of the two Elderly Residential Services wards within St Bernard's Hospital; and incontinence products in respect of the GHA and Elderly Residential Services facilities and to community patients.

2.11 Insurances and Claims - The significant decrease of £359k (28.7%) in Insurance and Claims against the budget of £1.25m was due to: fewer claims being filed/processed; renegotiated insurance premiums and lower than expected liability costs. The reduced expenditure also reflects the implementation of risk management strategies that successfully reduced insurance needs and the number of claims.


2.12 Sponsored Patients - Total expenditure during the year amounting to £14.17m increased by £3.17m (28.8%) compared to the approved budget of £11.00m. The increase in expenditure was mainly as a result of patient demand in the area of referrals, in addition to specific cases where patients required extended stays in specialised centres both in the UK and in Spain in order to receive specific medical treatment. There was also a significant increase in expenditure of £2.70m (23.5%) from the previous year's figure of £11.47m.

2.13 Information Technology Recurrent Expenses - The increase in expenditure of £167k against the approved budget allocation of £500k was mainly in relation to costs regarding the new Electronic Health Records project.

2.14 Disposal of Clinical Waste - An excess in expenditure of £220k against the allocated budget of £1.51m was due to demand-led Government contract based on the usage of clinical bins.

3.1 Capital Account: Capital expenditure during the financial year 2014-15 amounting to £2.77m fell short of the approved estimate of £3.50m by £728k (20.8%). The variance was due to: delays and deferrals in planned capital projects; underspending on budgeted capital items; and capital items not having arrived and as a consequence expenditure having to be met in the next financial year.

4.1 Arrears of Hospital Fees: Total arrears of hospital fees as at 31 March 2015 stood at £1.48m, a year-on-year increase of £289k. The increase in arrears of revenue primarily relates to a debt owed by one patient who had outstanding hospital fees amounting to £1.19m (80.4% of the total arrears due to the GHA) as at 31 March 2015. On 5 June 2024, the GHA requested authority from the Financial Secretary to write-off hospital fees arrears deemed irrecoverable in the total sum of £2.47m. These bad debts, accruing from March 2010 to August 2018, consisted of £1.97m in respect of the aforementioned patient; £467k in respect of another patient; and £30k in respect of a third patient. At the close of this report, the Financial Secretary had not yet approved the write-off of these outstanding debts.



A R Sacramento
Principal Auditor
Gibraltar Audit Office

14 November 2024



GHA Financial Statements 2014/15



**GIBRALTAR HEALTH AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

RECURRENT ACCOUNT

RECEIPTS

| | Note | £ | £ | 2015 £ | 2014 £ |
|--|------|------------|---|-------------|------------|
| <u>Contribution from the Government of Gibraltar from Revenues Received:</u> | | | | | |
| Group Practice Medical Scheme | | 49,564,579 | | | 46,582,282 |
| Medical Services to Non-entitled patients | | 2,650,000 | | | 2,650,000 |
| Other Receipts | | 443,400 | | | 499,558 |
| Other Receipts MOD | | 926,882 | | | 1,204,332 |
| | | | | 53,584,861 | 50,936,172 |
| Contribution from the Government of Gibraltar | | | | 47,952,000 | 39,926,000 |
| <u>Contribution from the Government of Gibraltar:</u> | | | | | |
| Contribution from the Social Assistance Fund | | | | 3,500,000 | 3,500,000 |
| Contribution from the Statutory Benefits Fund | | | | 427,585 | 407,224 |
| | | | | 105,464,446 | 94,769,396 |

PAYMENTS

Personal Emoluments:

| | | | | | |
|----------------------|--|------------|------------|--|------------|
| Salaries | | 28,877,553 | | | 27,889,296 |
| Overtime | | 3,104,004 | | | 3,128,153 |
| Allowances | | 6,000,167 | | | 5,662,830 |
| Gratuities | | 1,355,132 | | | 1,385,205 |
| Temporary Assistance | | 1,145,045 | | | 752,618 |
| | | | 40,481,901 | | 38,818,102 |

Wages:

| | | | | | |
|-------------|--|-----------|-----------|--|-----------|
| Basic Wages | | 2,531,941 | | | 2,314,699 |
| Overtime | | 1,136,209 | | | 1,133,908 |
| Allowances | | 51,195 | | | 53,196 |
| | | | 3,719,345 | | 3,501,803 |

Other Personnel:

| | | | | | |
|--|--|-----------|-----------|--|-----------|
| Gibraltar Development Corporation Staff Services | | 21,412 | | | - |
| Relief Cover and Related Expenditure | | 2,420,863 | | | 1,649,520 |
| Visiting Consultants Fees and Expenses, and other | | | | | |
| Contracted Medical Services | | 1,163,782 | | | 791,821 |
| Recruitment Contractual Expenses and Accommodation | | 804,724 | | | 719,087 |
| | | | 4,410,781 | | 3,160,428 |

Employer's Contributions:

| | | | | | |
|--------------------------------|--|-----------|-----------|--|-----------|
| Social Insurance Contributions | | 1,786,787 | | | 1,730,784 |
| Pension Contributions | | 1,179,072 | | | 912,393 |
| | | | 2,965,859 | | 2,643,177 |

Other Recurrent Expenditure

Prescribed Drugs and Pharmaceuticals:

| | | | | | |
|---------------------------|--|------------|------------|--|------------|
| GPMS Prescriptions | | 11,290,768 | | | 11,020,612 |
| Drugs and Pharmaceuticals | | 4,905,062 | | | 3,573,722 |
| | | | 16,195,830 | | 14,594,334 |

Equipment and Related Expenses:

| | | | | | |
|--|---|-----------|-----------|--|-----------|
| Medical Departments | | 2,570,486 | | | 2,161,857 |
| Medical and Surgical Appliances Expenses | | 1,875,592 | | | 1,286,907 |
| Hardware, Uniforms and Linen | 2 | 560,679 | | | 368,041 |
| Patient Appliances | | 316,496 | | | 224,252 |
| | | | 5,323,253 | | 4,041,057 |
| Dressings, Medical Gases and Tests | 2 | | 1,512,010 | | 1,235,894 |
| Provisions | 2 | | 804,841 | | 733,809 |

Laundry and Cleaning:

| | | | | | |
|-------------------|--|---------|---------|--|---------|
| Laundry Expenses | | 548,684 | | | 495,429 |
| Cleaning Expenses | | 261,476 | | | 234,340 |
| | | | 810,160 | | 729,769 |

Carried Forward

76,223,980

69,458,373



**GIBRALTAR HEALTH AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

| | Note | | | 2015 £ | 2014 £ |
|---|------|------------|------------|-------------|------------|
| PAYMENTS (Cont.) | | | | | |
| Brought Forward | | | 76,223,980 | | 69,458,373 |
| Motor Vehicle and Fuel Expenses | | | 321,864 | | 333,017 |
| <u>Office Expenses:</u> | | | | | |
| General Expenses | | 106,885 | | | 86,792 |
| Electricity and Water | | 884,494 | | | 919,107 |
| Telephone Service | | 268,413 | | | 266,916 |
| Records, Printing and Stationery | | 128,030 | | | 85,185 |
| | | | 1,387,822 | | 1,358,000 |
| <u>Miscellaneous Expenses:</u> | | | | | |
| Legal Fees | | 422,972 | | | 269,486 |
| Official Travel Abroad | | 37,288 | | | 18,091 |
| School of Health Studies Expenses | | 733,968 | | | 554,453 |
| Insurances and Claims | | 890,888 | | | 1,215,564 |
| Sponsored Patients | | 14,166,890 | | | 11,474,163 |
| Dialysis | | 188,420 | | | 219,891 |
| Hospital Rent | | 4,691,728 | | | 4,645,276 |
| Ground Rent and Service Charges | | 26,831 | | | 23,276 |
| Primary Care Centre Rent and Maintenance | | 418,435 | | | 437,778 |
| Information Technology Recurrent Expenses | | 666,701 | | | 461,910 |
| Ambulance Service | | 133,419 | | | 174,970 |
| Registration Board | | 79,743 | | | 19,443 |
| Repairs and Maintenance | | 260,844 | | | 171,456 |
| Disposal of Clinical Waste | | 1,731,844 | | | 1,513,623 |
| | | | 24,449,971 | | 21,199,380 |
| <u>Facilities Management:</u> | | | | | |
| Maintenance Agreements | | 2,230,743 | | | 1,691,648 |
| Equipment Spares and Specialist Repairs | | 370,672 | | | 286,395 |
| Security | | 373,909 | | | 223,751 |
| Fire Prevention | | 44,135 | | | 25,978 |
| Planted Areas | | 2,280 | | | 2,090 |
| | | | 3,021,739 | | 2,229,862 |
| Ex-Gratia Payments | | | 59,706 | | 190,649 |
| | | | | 105,465,082 | 94,769,281 |
| Net Recurrent (Payments)/Receipts | | | | (636) | 115 |



GIBRALTAR HEALTH AUTHORITY
CAPITAL ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

| | | Note | | | | |
|---|---|------|--|-----------|--------------------|--------------------|
| <u>CAPITAL ACCOUNT</u> | | | | | <u>2015</u> | <u>2014</u> |
| | | | | £ | £ | £ |
| <u>RECEIPTS</u> | | | | | | |
| Contribution from the Government of Gibraltar | | | | | 2,772,000 | 2,215,000 |
| <u>PAYMENTS</u> | | | | | | |
| Facilities Management | | | | 308,369 | | 235,559 |
| Equipment | | | | 1,309,369 | | 1,431,184 |
| Computerisation | | | | 699,526 | | 353,605 |
| Capital Works | | | | 190,522 | | 194,133 |
| Purchase of Ambulance | | | | 264,334 | | - |
| | | | | | <u>2,772,120</u> | <u>2,214,481</u> |
| Net (Payments)/Receipts | | | | | <u>(120)</u> | <u>519</u> |
| <u>CAPITAL ACCOUNT - DONATIONS</u> | | | | | | |
| <u>RECEIPTS</u> | | | | | | |
| Donations | 3 | | | | - | - |
| <u>PAYMENTS</u> | | | | | | |
| Transfer to Government of Gibraltar Deposit Account | 3 | | | | <u>1,789</u> | <u>-</u> |
| Net Payments | | | | | <u>(1,789)</u> | <u>-</u> |



**GIBRALTAR HEALTH AUTHORITY
BALANCE SHEET AS AT 31 MARCH 2015**

Note

ASSETS

| | | 2015 | 2014 |
|--|---|-------------|--------------|
| | £ | £ | £ |
| Recurrent Account | | | |
| Amount held by the Government of Gibraltar | | 95 | 731 |
| Capital Account | | | |
| Amount held by the Government of Gibraltar | | 437 | 557 |
| Capital Account - Donations | | | |
| Amount held by the Government of Gibraltar | | - | 1,789 |
| | | <u>532</u> | <u>3,077</u> |

FINANCED BY

Recurrent Account

| | | | |
|---|--------------|----|------------|
| Account Balance on 1 April 2014 | 731 | | 616 |
| Net (Payments)/Receipts during the year | <u>(636)</u> | | <u>115</u> |
| Account Balance on 31 March 2015 | | 95 | 731 |

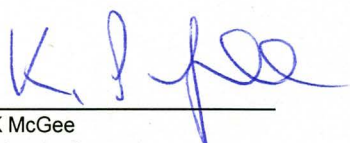
Capital Account

| | | | |
|---|--------------|-----|------------|
| Account Balance on 1 April 2014 | 557 | | 38 |
| Net (Payments)/Receipts during the year | <u>(120)</u> | | <u>519</u> |
| Account Balance on 31 March 2015 | | 437 | 557 |

Capital Account - Donations

| | | | |
|---|----------------|------------|--------------|
| Account Balance on 1 April 2014 | 1,789 | | 1,789 |
| Net(Payments)/Receipts during the year | <u>(1,789)</u> | | <u>-</u> |
| Account Balance on 31 March 2015 | | - | 1,789 |
| | | <u>532</u> | <u>3,077</u> |

3

 12-11-24
K McGee
Director General



GIBRALTAR HEALTH AUTHORITY

Notes to the Accounts for the Year Ended 31 March 2015

(1) Accounting Policies:

Basis of preparation of accounts

The Financial Statements of the Gibraltar Health Authority (GHA) are prepared on a cash receipts and disbursements basis of accounting, in line with the standards prescribed for the preparation of the public accounts of Gibraltar.

(2) Payments on behalf of the Care Agency:

During the financial year ended 31 March 2015, the GHA incurred non-recoverable expenses on behalf of two Care Agency Elderly Residential Services wards at St Bernard's Hospital, namely John Cochrane Ward and Calpe Ward. The amount of expenditure incurred on behalf of the Care Agency has not been quantified as neither the requisition documents from the GHA Stores, nor the payment transaction information specified the proportion of spend between the GHA wards and the Care Agency wards. As from the financial year 2015-16, the Elderly Residential Services came under the responsibility and control of the GHA.

(3) Capital Account - Donations:

Donations received by the GHA for capital requirements prior to the financial year 2010-11 were accounted for through the GHA Capital Account - Donations and were duly reflected as such in the financial statements. As a result of a change in GHA policy in the financial year 2010-11, donations to the GHA for capital expenditure requirements have since been accounted through a Government of Gibraltar deposit account. During 2014-15, the remaining balance of £1,789 held in the Capital Account - Donations was transferred to the Government of Gibraltar deposit account that holds all donations received by the GHA, not just those of a capital nature.

As at 31 March 2015, donations held by the Government of Gibraltar on behalf of the GHA for capital and other requirements amounted to £130,777.

(4) Post Balance sheet event:

As from the financial year 2015-16 the Elderly Residential Services was incorporated under the control of the GHA.