



Gibraltar Audit Office

Report of the Principal Auditor  
on the Accounts of the  
Gibraltar Health Authority  
for the financial year ended  
31 March 2010



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**GIBRALTAR HEALTH AUTHORITY  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**REPORT**

- 1.1.1 *Recurrent Account – Receipts*: Total receipts during the financial year 2009-10 amounting to £73,145,093 exceeded the approved budget of £68,436,000 for the financial year under review by £4,709,093 (6.9%) and by £6,445,577 (9.7%) against the previous year's total of £66,699,516.
- 1.1.2 In accordance with the provisions of the Public Finance (Control and Audit) (Amendment) Act 2011 the recurrent revenues of Government Agencies, Authorities and certain other entities are paid into and thus constitute the revenue of the Consolidated Fund retrospective from 1 April 2009. The Government of Gibraltar recurrent contribution from revenues received during the financial year 2009-10 to the Gibraltar Health Authority (GHA) amounted to £40,029,569 a rise of £629,569 (1.6%) against the approved budget contribution by the Government from revenues received of £39,400,000. Receipts from Group Practice Medical Scheme (GPMS) during the financial year 2009-10 amounting to £36,794,157 rose by £794,157 (2.2%) compared to the approved budget for the year of £36,000,000 and by £2,593,196 (7.6%) against the previous year's receipts of £34,200,961. The rise was largely as a result of the increase in Social Insurance contributions with effect from 1 July 2009.
- 1.1.3 The Government of Gibraltar contribution during the financial year 2009-10 was £29,280,500 for recurrent expenditure representing a rise of £3,744,500 (14.7%) against the approved budget for the year of £25,536,000 and a year-on-year increase of £3,727,500 (14.6%). The contribution included additional funding to cover increased expenditure mainly related to Relief Cover, Prescribed Drugs and Pharmaceuticals and Sponsored Patients.
- 1.2.1 *Recurrent Account – Payments*: Recurrent expenditure during the financial year 2009-10 amounting to £73,145,182 exceeded the approved budget of £68,436,000 by £4,709,182 (6.9%) and rose by £6,444,019 (9.7%) against the previous year's recurrent expenditure of £66,701,163. The main variances between the approved budget and actual expenditure during the financial year under review were as highlighted hereunder:
- 1.2.2 Personal Emoluments – Total expenditure during the financial year 2009-10 amounting to £28,209,875 surpassed the approved budget for the financial year of £27,362,000 by £847,875 (3.1%). The variance was largely accounted for by the GHA as follows:

- The cost of pay settlements in respect of salaries, overtime and allowances during the year under review of approximately £484,000;
- The cost of filling 2 biomedical scientists, 5 nursing staff and 2 occupational therapist vacant posts costing around £220,000 for which no funding was provided;
- An increase in overtime amounting to £166,000 mainly to meet critical nursing levels and cover leave absences;
- An increase of approximately £100,000 in incremental points not budgeted; and
- On the other hand, there was a saving of around £65,000 in allowances as a result of nursing shortages due to absences and sickness and a further saving amounting to approximately £47,000 due to the non-payment of the gratuity to one contract officer and a delay in a gratuity payment to another contract officer, which materialised in the subsequent financial year as a result of pertinent information not having been sent to the paying department in time.

1.2.3 Relief Cover – There was an excess of £1,110,485 (111.0%) between the expenditure amounting to £2,110,485 and the approved budget of £1,000,000. The expenditure incurred during the financial year related to cover provided as a result of unforeseen annual, maternity, sick and special leave absences, resignations and vacant posts.

1.2.4 GPMS Prescriptions – An excess of £866,954 (10.2%) compared against the approved budget for the financial year under review of £8,500,000 was mainly as a result of the following:

- An element of new and formulation of existing drugs being prescribed at an annual cost in the region of £400,000;
- An increase in the price of a particular drug at an annual cost of around £250,000; and
- An increase from the previous financial year in the number of items prescribed of approximately 70,000 at a cost of £140,000;

1.2.5 Drugs and Pharmaceuticals – The approved budget of £2,500,000 was exceeded by £471,420 (18.9%) during the financial year in question, mainly as a result of demand led items.

1.2.6 Medical Departments – Expenditure for the financial year 2009-10 amounting to £1,646,410 exceeded the approved budget for the year by £176,410 (12.0%). The variance mainly relates to a significant expansion as a result of the continued improved services provided by the Pathology Department, in addition to price increases in reagents and other consumables and the effects of the decline in the euro/sterling exchange rate during the financial year.

- 1.2.7 Medical and Surgical Appliances Expenses – The over-spend amounting to £261,625 (29.1%) against the approved budget of £900,000 was largely due to purchases of necessary theatre items and prostheses in order to meet the surgical procedures for the waiting list mandate.
- 1.2.8 Sponsored Patients – Expenditure during the financial year under review totalling £7,245,544 exceeded the approved budget by £1,245,544 (20.8%), which was largely attributable to an increase in the number of patients attending a Spanish private hospital for cardiac surgery and treatment.
- 1.2.9 Disposal of Clinical Waste – The excess expenditure amounting to £358,683 (42.2%) against the approved budget of £850,000 for the year principally relates to the payment of the full service for the supply, collection and disposal of clinical waste containers as from August 2009 to a local company contracted by the Government of Gibraltar. The services of collection and disposal of the GHA's clinical waste had until then been paid by the Department of Environment.
- 1.2.10 Hospital Rental – There was a saving of £397,980 (8.2%) against the approved budget of £4,862,000 as a result of the budget allocation being in excess of the contractual payments.
- 1.3.1 Capital Account – Donations: An amount of just over £361,000 was spent during the financial year 2009-10 in acquiring a range of medical and clinical equipment from donations received during the financial year from the Bonita Trust.
- 1.4.1 Arrears of Hospital Fees: Total arrears of hospital fees as at 31 March 2010 increased year-on-year by £152,560 to £177,247. The increase mainly relates to a debt owed by one patient for the sum of £117,450. This debt was being reviewed and a decision is still pending.



## Gibraltar Audit Office

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

I certify that I have audited the financial statements of the Gibraltar Health Authority for the financial year ended 31 March 2010 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 and the Balance Sheet. 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 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 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 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 revenue collected and expenses paid for the financial year ended 31 March 2010 and the assets and liabilities arising from cash transaction 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 my audit; or
- proper books of account have not been kept by the Gibraltar Health Authority, so far as appears from my 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 that follows.



J C Posso  
Principal Auditor  
21 September 2015

Gibraltar Audit Office  
Elmslie House  
51/53 Irish Town  
Gibraltar

**GIBRALTAR HEALTH AUTHORITY  
RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2010**

**RECURRENT ACCOUNT**

**RECEIPTS**

		<b>2009</b>
Contribution from the Government of Gibraltar	£29,280,500	£25,553,000
<u>Contribution from the Government of Gibraltar from Revenues Received:</u>		
Group Practice Medical Scheme	£36,794,157	£34,200,961
Medical Services to Non-Entitled Patients	£2,650,000	£2,650,000
Other Receipts	£585,412	£476,485
	<u>£40,029,569</u>	
<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	£335,024	£319,070
	<u>£73,145,093</u>	<u>£66,699,516</u>

**PAYMENTS**

Personal Emoluments:

Salaries	£20,717,450	£19,860,534
Overtime	£2,493,830	£2,371,687
Allowances	£3,714,259	£3,679,485
Gratuities	£1,280,333	£1,179,251
Temporary Assistance	£4,003	-
	<u>£28,209,875</u>	<u>£27,090,957</u>

Wages:

Basic	£2,046,903	£1,877,838
Overtime	£720,758	£638,777
Allowances	£22,115	£18,260
	<u>£2,789,776</u>	<u>£2,534,875</u>

Other Personnel:

Relief Cover and Related Expenditure	£2,110,485	£1,489,952
Visiting Consultants Expenses and Fees	£754,938	£351,659
Recruitment Contractual Expenses and Accommodation	£737,860	£674,621
	<u>£3,603,283</u>	<u>£2,516,232</u>

Employer's Contributions:

Social Insurance	£1,423,193	£1,306,131
Pension	£341,409	£220,582
	<u>£1,764,602</u>	<u>£1,526,713</u>

Other Recurrent Expenditure:

<u>Prescribed Drugs and Pharmaceuticals:</u>		
GPMS Prescriptions and Expenses	£9,366,954	£8,746,280
Drugs and Pharmaceuticals	£2,971,420	£2,631,067
	<u>£12,338,374</u>	<u>£11,377,347</u>

Equipment and Related Expenses:

Medical Departments	£1,646,410	£1,269,867
Medical and Surgical Appliances Expenses	£1,161,625	£984,206
Hardware, Uniforms and Linen	£319,070	£244,309
Patient Appliances	£129,079	£126,992
	<u>£3,256,184</u>	<u>£2,625,374</u>

Dressings, Medical Gases and Tests Provisions	£932,068	£944,100
	£430,835	£368,745

Laundry and Cleaning:

Laundry Expenses	£450,126	£352,175
Cleaning Expenses	£173,906	£135,948
	<u>£624,032</u>	<u>£488,123</u>

Carried Forward	£53,949,029	£49,472,466
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**GIBRALTAR HEALTH AUTHORITY  
RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2010**

			<u>2009</u>
<b>PAYMENTS (Cont)</b>	Brought Forward	£53,949,029	£49,472,466
Motor Vehicle and Fuel Expenses		£214,999	£237,669
<u>Office Expenses:</u>			
General Expenses	£77,842		£57,599
Electricity and Water	£804,882		£762,803
Telephone Service	£237,191		£275,465
Records, Printing and Stationery	£116,184		£90,309
		£1,236,099	£1,186,176
<u>Miscellaneous Expenses:</u>			
Legal Fees	£269,159		£148,096
Official Travel Abroad	£2,019		£9,577
Insurances and Claims	£1,030,517		£1,023,921
School of Health Studies Expenses	£470,522		£528,426
Training	£19,547		-
Sponsored Patients	£7,245,544		£6,173,495
Dialysis	£144,330		£304,720
Hospital Rent	£4,464,020		£4,419,820
Ground Rent and Service Charges	£42,622		£71,510
Primary Care Centre Rent	£292,966		£228,284
Primary Care Centre Security	£9,026		£8,591
Miscellaneous Expenses	£20,327		£19,161
Information Technology Recurrent Expenses	£143,787		£195,986
Ambulance Service	£68,558		-
Fire Brigade Ambulance Service	£86,308		£84,123
Registration Board	£536		£286
Repairs and Maintenance	£119,221		£123,828
Disposal of Clinical Waste	£1,208,683		£237,974
Losses of Public Funds	£20		-
Ex Gratia Payments	-		£16,268
		£15,637,712	£13,594,066
<u>Facilities Management:</u>			
Maintenance Agreements	£1,627,837		£1,639,925
Equipment Spares and Specialist Repairs	£212,676		£284,067
Security	£218,453		£214,216
Fire Prevention	£45,889		£58,552
Planted Areas	£2,488		£2,853
		£2,107,343	£2,199,613
Expenses of Temporary Residents Accommodated at the Care Agency		-	£11,173
		£73,145,182	£66,701,163
Net Payments		<u>(£89)</u>	<u>(£1,647)</u>

**GIBRALTAR HEALTH AUTHORITY**  
**RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**CAPITAL ACCOUNT**

**2009**

**RECEIPTS**

Contribution from the Government of Gibraltar	£1,003,500	£954,128
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**PAYMENTS**

Facilities Management	£177,652	£173,820
Equipment	£340,284	£459,161
Computerisation	£326,945	£182,122
Capital Works	£158,614	£139,921
	£1,003,495	£955,024

Net Receipts/(Payments)	£5	(£896)
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**CAPITAL ACCOUNT - DONATIONS**

**RECEIPTS**

Donations	£359,171	£11,627
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**PAYMENTS**

Purchase of Equipment	£361,178	£139,887
Net Payments	(£2,007)	(£128,260)

**CAPITAL ACCOUNT - NEW HOSPITAL**

**RECEIPTS**

Funding by the Government of Gibraltar	-	£151,872
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**PAYMENTS**

Capital Works funded by the Government of Gibraltar	-	£151,872
Net Receipts/(Payments)	-	-

**GIBRALTAR HEALTH AUTHORITY**  
**BALANCE SHEET AS AT 31 MARCH 2010**

**2009**

**ASSETS**

**Recurrent Account**

Imprest	-	£46,560
Amount held by/(due to) the Government of Gibraltar	£419	(£46,052)
	£419	£508

**Capital Account**

Amount held by the Government of Gibraltar	£383	£378
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**Capital Account - Donations**

Amount held by the Government of Gibraltar	£5,510	£7,517
	£6,312	£8,403

**FINANCED BY**

**Recurrent Account**

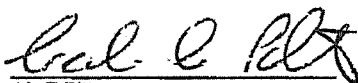
Account Balance on 1 April 2009	£508	£2,155
Net Payments during the year	(£89)	(£1,647)
Account Balance on 31 March 2010	£419	£508

**Capital Account**

Account Balance on 1 April 2009	£378	£1,274
Net Receipts/(Payments) during the year	£5	(£896)
Account Balance on 31 March 2010	£383	£378

**Capital Account - Donations**

Account Balance on 1 April 2009	£7,517	£135,777
Net Payments during the year	(£2,007)	(£128,260)
Account Balance on 31 March 2010	£5,510	£7,517
	£6,312	£8,403



Mr F Pitto  
 Chief Executive Officer  
 17 September 2015

**GIBRALTAR HEALTH AUTHORITY**

**Notes to the accounts for the year ended 31 March 2010**

(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.