



Gibraltar Audit Office

Report of the Principal Auditor
on the Accounts of the
Gibraltar Health Authority
for the financial year ended
31 March 2011

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**GIBRALTAR HEALTH AUTHORITY
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

REPORT

- 1.1.1 *Recurrent Account – Receipts*: Total receipts during the financial year 2010-11 amounting to £78,996,674 rose by £5,669,674 (7.7%) compared to the approved budget of £73,327,000 for the financial year under review and by £5,851,581 (8.0%) against the previous year's total of £73,145,093.
- 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 2010-11 to the Gibraltar Health Authority (GHA) amounted to £44,609,101, a rise of £2,309,101 (5.5%) against the approved budget contribution by the Government from revenues received of £42,300,000. The main variances were:
- Receipts from Group Practice Medical Scheme during the financial year 2010-11 amounting to £41,164,317 rose by £2,164,317 (5.5%) compared to the approved budget for the year of £39,000,000. The rise was largely as a result of the unbudgeted increase in Social Insurance contributions with effect from 1 July 2010;
 - Other receipts totalling £441,969 fell short by £208,031 compared to the approved budget allocation of £650,000. However, the approved budget allocation included the contribution from the Statutory Benefits Fund amounting to £351,775, which has been disclosed separately in the financial statements. Hence, in effect, other receipts exceeded the approved budget allocation by £143,744; and
 - Unbudgeted payments received during the financial year from the Ministry of Defence (MOD) amounting to £352,815 in accordance with the charging arrangements stipulated in an agreement dated 15 June 2011 for the provision by the GHA to the MOD of certain secondary health care services.
- 1.1.3 The Government's additional contribution during the financial year 2010-11 was £30,535,798 for recurrent expenditure, representing a rise of £3,008,798 (10.9%) against the approved budget for the year of £27,527,000 and a year-on-year increase of £1,255,298 (4.3%). The additional contribution was mainly attributable to cover increased expenditure in pay-related costs, relief cover, prescribed drugs and pharmaceuticals and sponsored patients.

- 1.2.1 Recurrent Account – Payments: Recurrent expenditure during the financial year 2010-11 of £78,996,131 exceeded the approved budget of £73,327,000 by £5,669,131 (7.7%) and rose by £5,850,949 (8.0%) against the previous year's recurrent expenditure of £73,145,182. 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 2010-11 amounting to £29,895,184 rose by £1,219,184 (4.3%) compared to the approved budget for the financial year of £28,676,000. The variance was largely accounted for by the GHA as follows:
- Arrears payments totalling around £541,000 in respect of the effect of the introduction of Agenda for Change for the medical and allied professions and nursing grades;
 - The cost of the pay settlement in respect of salaries and allowances during the year under review of approximately £578,000;
 - Unbudgeted gratuity payments amounting to approximately £193,000 mainly in respect of new employees during the financial year and arrears;
 - An increase in overtime amounting to £133,000 in order to maintain manning levels within the Nursing Directorate to cover short and long-term illnesses, and vacant posts;
 - Unbudgeted salary increments during the financial year amounting to around £85,000; and
 - On the other hand, there was a saving of around £280,000 in allowances as a result of Nursing staff absences, and a shortfall of nearly £32,000 in overtime paid to Ambulance personnel.
- 1.2.3 Relief Cover – The approved budget of £1,400,000 was exceeded by £2,183,056. The excess expenditure incurred during the financial year related to cover provided as a result of unforeseen annual, maternity, sick, special and unpaid leave absences, termination of contracts and vacant posts.
- 1.2.4 Visiting Consultants Fees and Expenses and Other Contracted Medical Services – The saving of £257,008 between the actual expenditure amounting to £673,992 and the approved budget of £931,000 was partly due to various budgeted clinical reviews of around £167,000 that were not carried out during the financial year in question and a saving on the medical and nursing contractual visits that took place during the year.
- 1.2.5 Employer's Contributions – The approved budget of £1,500,000 was exceeded by £465,116 mainly as a result of the budget allocation not being sufficient to cover the actual staff complement.
- 1.2.6 GPMS Prescriptions and Expenses – An excess of £814,534 against the approved budget of £9,200,000 was mainly as a result of a noticeable

increase in the number of items prescribed, in addition to a slight increase in the cost of prescribed drugs.

- 1.2.7 Insurances and Claims – The over-spend amounting to £209,698 against the approved budget of £1,100,000 was largely due to the cost of the medical malpractice insurance and claims settled during the year amounting to over £124,000.
- 1.2.8 Sponsored Patients – Expenditure during the financial year under review totalling £8,093,903 exceeded the approved budget of £7,000,000 by £1,093,903, which was largely attributable to an increase in the number of patient referrals attending Spanish hospitals, an increase in the number of air ambulance transfers and a rise in the cost of air passages.
- 1.3.1 Arrears of Hospital Fees: Total arrears of hospital fees as at 31 March 2011 stood at £396,590, a year-on-year increase of £219,343. The increase mainly relates to a debt owed by one patient for the sum of £281,700. This debt is still being reviewed and a decision is yet 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 2011 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 2011 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 2011**

**RECURRENT ACCOUNT
RECEIPTS**

		2010
Contribution from the Government of Gibraltar	£30,535,798	£29,280,500
Contribution from the Government of Gibraltar from Revenues Received:		
Group Practice Medical Scheme	£41,164,317	£36,794,157
Medical Services to Non-Entitled Patients	£2,650,000	£2,650,000
Other Receipts	£441,969	£585,412
Other Receipts MOD	<u>£352,815</u>	-
	£44,609,101	
Contribution from the Government of Gibraltar		
Contribution from the Social Assistance Fund	£3,500,000	£3,500,000
Contribution from the Statutory Benefits Fund	<u>£351,775</u>	<u>£335,024</u>
	<u>£78,996,674</u>	<u>£73,145,093</u>

PAYMENTS

Personal Emoluments:

Salaries	£22,384,758	£20,717,450
Overtime	£2,338,856	£2,493,830
Allowances	£3,654,044	£3,714,259
Gratuities	£1,517,303	£1,280,333
Temporary Assistance	<u>£223</u>	<u>£4,003</u>
	£29,895,184	£28,209,875

Wages:

Basic	£2,019,104	£2,046,903
Overtime	£756,225	£720,758
Allowances	<u>£33,944</u>	<u>£22,115</u>
	£2,809,273	£2,789,776

Other Personnel:

Relief Cover and Related Expenditure	£3,583,056	£2,110,485
Visiting Consultants Expenses and Fees	£673,992	£754,938
Recruitment Contractual Expenses and Accommodation	<u>£773,733</u>	<u>£737,860</u>
	£5,030,781	£3,603,283

Employer's Contributions:

Social Insurance	£1,549,854	£1,423,193
Pension	<u>£415,262</u>	<u>£341,409</u>
	£1,965,116	£1,764,602

Other Recurrent Expenditure:

Prescribed Drugs and Pharmaceuticals:

GPMS Prescriptions and Expenses	£10,014,534	£9,366,954
Drugs and Pharmaceuticals	<u>£2,807,699</u>	<u>£2,971,420</u>
	£12,822,233	£12,338,374

Equipment and Related Expenses:

Medical Departments	£1,455,343	£1,646,410
Medical and Surgical Appliances Expenses	£1,047,642	£1,161,625
Hardware, Uniforms and Linen	£306,413	£319,070
Patient Appliances	<u>£149,350</u>	<u>£129,079</u>
	£2,958,748	£3,256,184

Dressings, Medical Gases and Tests

	£1,149,205	£932,068
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Provisions	£459,469	£430,835
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Laundry and Cleaning:

Laundry Expenses	£458,701	£450,126
Cleaning Expenses	<u>£173,452</u>	<u>£173,906</u>
	£632,153	£624,032

Carried Forward	£57,722,162	£53,949,029
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**GIBRALTAR HEALTH AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

		2010
PAYMENTS (Cont)	Brought Forward	£57,722,162
		£53,948,029
Motor Vehicle and Fuel Expenses		£214,999
<u>Office Expenses:</u>		
General Expenses	£80,540	£77,842
Electricity and Water	£972,204	£804,882
Telephone Service	£267,334	£237,191
Records, Printing and Stationery	£149,833	£116,184
	<u>£1,469,911</u>	<u>£1,236,099</u>
<u>Miscellaneous Expenses:</u>		
Legal Fees	£253,190	£269,159
Official Travel Abroad	£9,486	£2,019
Insurances and Claims	£1,309,698	£1,030,517
School of Health Studies Expenses	£539,040	£470,522
Training	-	£19,547
Sponsored Patients	£8,093,903	£7,245,544
Dialysis	£208,236	£144,330
Hospital Rent	£4,508,660	£4,464,020
Ground Rent and Service Charges	£28,560	£42,622
Primary Care Centre Rent	£353,901	£292,968
Primary Care Centre Security	£7,510	£9,026
Miscellaneous Expenses	-	£20,327
Information Technology Recurrent Expenses	£295,084	£143,787
Ambulance Service	£60,049	£68,558
Fire Brigade Ambulance Service	£84,143	£86,308
Registration Board	£10,929	£536
Repairs and Maintenance	£128,199	£119,221
Disposal of Clinical Waste	£1,322,071	£1,208,683
Losses of Public Funds	-	£20
	<u>£17,212,659</u>	<u>£15,637,712</u>
<u>Facilities Management:</u>		
Maintenance Agreements	£1,744,778	£1,627,837
Equipment Spares and Specialist Repairs	£242,350	£212,676
Security	£292,329	£218,453
Fire Prevention	£49,443	£45,889
Planted Areas	£2,212	£2,488
	<u>£2,331,112</u>	<u>£2,107,343</u>
		<u>£78,996,131</u>
		<u>£73,145,182</u>
Net Receipts/(Payments)		<u>£543</u> <u>(£89)</u>

GIBRALTAR HEALTH AUTHORITY
RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

CAPITAL ACCOUNT

		<u>2010</u>	
Contribution from the Government of Gibraltar	Notes (2)	£928,202	£1,003,500
<u>PAYMENTS</u>			
Facilities Management		£186,283	£177,652
Equipment		£438,403	£340,284
Computerisation		£216,138	£326,945
Capital Works		<u>£87,713</u>	<u>£158,614</u>
		£928,537	£1,003,495
Net (Payments)/Receipts		<u>(£335)</u>	<u>£5</u>

CAPITAL ACCOUNT - DONATIONS

RECEIPTS

Donations £359,171

PAYMENTS

Purchase of Equipment £3,721
(£3,721) £361,178
 Net Payments (£2,007)

GIBRALTAR HEALTH AUTHORITY
BALANCE SHEET AS AT 31 MARCH 2011

ASSETS

Recurrent Account

Amount held by the Government of Gibraltar £962 £419

Capital Account

Amount held by the Government of Gibraltar £48 £383

Capital Account - Donations

Amount held by the Government of Gibraltar £1,789 £5,510
£2,799 £6,312

FINANCED BY

Recurrent Account

Account Balance on 1 April 2010 £419 £508
 Net Receipts/(Payments) during the year £543 (£89)
 Account Balance on 31 March 2011 £962 £419

Capital Account

Account Balance on 1 April 2010 £383 £378
 Net Receipts/(Payments) during the year (£335) £5
 Account Balance on 31 March 2011 £48 £383

Capital Account - Donations

Account Balance on 1 April 2010 £5,510 £7,517
 Net Payments during the year (£3,721) (£2,007)
 Account Balance on 31 March 2011 £1,789 £5,510
£2,799 £6,312



Mr F Pitto
 Chief Executive
 17 September 2015

GIBRALTAR HEALTH AUTHORITY

Notes for the accounts for the year ended 31 March 2011

(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) **Contribution from the Government of Gibraltar - Capital Account:**

The Government of Gibraltar incurred expenditure on behalf of the GHA, in respect of works carried out at St Bernard's hospital amounting to £48,912.

