



Gibraltar Audit Office

Report of the Principal Auditor on the Accounts of the Care Agency for the financial period 28 May 2009 to 31 March 2010

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Gibraltar Audit Office

THE CERTIFICATE OF THE PRINCIPAL AUDITOR TO THE PARLIAMENT

I certify that I have examined the financial statements of the Care Agency for the financial period 28 May 2009 to 31 March 2010 in accordance with the provisions of Section 15 of the Care Agency Act 2009. The financial statements comprise the Receipts and Payments Account, the Capital Account, the Balance Sheet and the related notes.

Respective responsibilities of the Care Agency and the Principal Auditor

The Care Agency is responsible for preparing the financial statements and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements in accordance with generally accepted government auditing standards.

I report to you my opinion as to whether the financial statements properly present the receipts and payments for a financial period and the assets and liabilities as at the end of that period. I also report whether in all material respects expenditure and income has been applied to the purposes intended by Parliament, and the financial transactions conform to the authorities, which govern them.

In addition, I report to you if the Care Agency has not kept proper accounting records, if I have not received all the information and explanations I require for the purpose of my audit, or if information regarding transactions is not disclosed.

Basis of Opinions

I conducted my audit in accordance with generally accepted government auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament, and the financial transactions conform to the authorities, which govern them. In forming my opinion, I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements on pages 1 to 6 properly present the receipts and payments for the financial period 28 May 2009 to 31 March 2010 and the assets and liabilities as at the end of that period.

Audit opinion on regularity

In my opinion, in all material respects, the expenditure and income has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

Report

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



J C Posso
Principal Auditor

23 February 2011

Gibraltar Audit Office
23 John Mackintosh Square
Gibraltar

CARE AGENCY
ACCOUNTS FOR THE PERIOD 28 MAY 2009 TO 31 MARCH 2010

REPORT

- 1.1 Recurrent Account – Receipts: The Government of Gibraltar combined recurrent contribution during the financial year 2009-10 to the Elderly Care Agency and Social Services Agency, which ceased on 27 May 2009, and the Care Agency, which commenced on 28 May 2009 amounted to £13,899,417. The approved budget allocation for the combined agencies was £13,027,000. In addition, the approved budget allocation of the Rehabilitation Centre and Drug Awareness Campaign, subsumed into the Care Agency, was £430,000, of which £69,669 was expended before the commencement of the Care Agency. Hence, there was a net increase in the total contribution of £512,086.
- 2.1 Recurrent Account – Payments: The Care Agency's recurrent expenditure during the period 28 May 2009 to 31 March 2010 totalled £12,620,342. No meaningful comparison can be made, as the approved budget was allocated to the Elderly Care Agency and the Social Services Agency. Hence, taking account of the expenditure of the Elderly Care Agency and Social Services Agency for the period 1 April 2009 to 27 May 2009, the total expenditure of the three entities during the year was £14,687,621 against a combined approved budget allocation of £13,173,000¹. Taking account of the unspent approved budget allocation of the Rehabilitation Centre and Drug Awareness Campaign amounting to £360,331, the combined variance for the period in question was £1,154,290. The Chief Executive of the Care Agency provided me explanations on the under-mentioned main variances of the combined entities.
- 2.2 Personal Emoluments - Salaries – Total combined expenditure amounting to £6,747,951 exceeded the combined approved budget of £5,940,000 by £807,951 (13.6%). The explanation provided to me was that the variance was mainly as a result of:
- The cost of two annual pay reviews in connection with Nursing grades amounting to around £78,000;
 - The cost of an annual pay review relating to Social Care Workers of approximately £70,000;
 - The cost of an annual pay review in respect of administration staff totalling in the region of £9,000;

¹ This amount excludes the budget allocation for the running of the Government Hostels, included in the Social Services Agency's approved budget.

- The creation of three new Social Worker posts at a cost for the period in question in the order of £83,000, not taken into account at the time of the estimates submission;
 - The cost of the salaries of the John Cochrane Ward of approximately £306,000 and the Disability Beach Project of around £28,000 not taken into account at the time of the estimates submission; and
 - The cost of the salaries of the Rehabilitation Centre in the region of £249,000 not taken into account at the time of the estimates submission, previously accounted for under Head 5A – Family and Community Affairs; Subhead 2(4)(a) – Rehabilitation Centre – New Hope Trust.
- 2.3 Personal Emoluments - Overtime – The increase of £104,372 (29.8%) between the combined approved budget amounting to £350,000 and the combined expenditure of £454,372 was mainly due to:
- The cost of overtime of the Rehabilitation Centre of around £18,000 not accounted for at estimates time, previously accounted for under Head 5A – Family and Community Affairs; Subhead 2(4)(a) – Rehabilitation Centre – New Hope Trust; and
 - A difference between the sum budgeted and the approved estimate amounting to £94,000.
- 2.4 Personal Emoluments - Allowances – Total combined expenditure amounting to £1,130,970 exceeded the combined approved budget of £1,050,000 by £80,970 (7.7%) mainly as a result of the cost of allowances paid to staff of the Disability Beach Project and the John Cochrane Ward, which had not been taken into account at the time of the estimates submission.
- 2.5 Industrial Wages - Basic – The combined approved budget amounting to £997,000 was exceeded by £109,277 (11%). The excess expenditure was mainly due to:
- The industrial employees' pay reviews for 2008 and 2009 not accounted for at estimates submission totalling in the region of £65,000; and
 - The cost of two new posts of cook of around £38,000.
- 2.6 Employer's Social Insurance Contributions – Total combined expenditure of £760,940 exceeded the combined approved budget of £665,000 by £95,940 (14.4%) mainly as a result of:
- An unbudgeted increase in social insurance contributions, which came into effect on 1 July 2009, costing around £71,000; and
 - The cost of Relief Cover personnel expenditure in the region of £17,000.

- 2.7 Employer's Pension Contributions – The increase of £70,518 (20%) between the combined expenditure amounting to £422,518 and the combined approved budget of £352,000 was largely due to further staff becoming members of the pension scheme.
- 2.8 Dressings and Aids – The combined approved budget amounting to £90,000 was exceeded by £72,493 (80.5%). The excess expenditure was mainly due to:
- An under-estimation in the estimates submission of around £48,000;
 - An increase in certain aids as a result of an outbreak of a virus at a cost of approximately £18,000; and
 - The cost of disability aids of around £3,000 for the Shop-mobility.
- 2.9 Provisions – The excess combined expenditure amounting to £71,424 (28.6%) against the combined approved budget of £250,000 was attributable to the cost of provisions for the John Cochrane Ward and the Rehabilitation Centre not accounted for in the estimates submission, the latter previously accounted for under Head 5A – Family and Community Affairs; Subhead 2(4)(a) – Rehabilitation Centre – New Hope Trust.
- 2.10 Clinical Waste – There was a decrease of £81,696 between the combined approved budget of £330,000 and the combined total expenditure amounting to £248,304 as a result of savings on the cost of the destruction of clinical waste and a reduction in the number of clinical waste bins used.
- 2.11 Special Care Abroad – There was also a saving in this item of expenditure amounting to £126,987 between the combined approved budget allocation of £754,000 and the combined expenditure in the sum of £627,013 mainly as a result of the actual cost of the long-term care of a special care case being less than the estimated and the approved budget allocation.
- 3.1 Capital Account – Payments: Overall combined capital expenditure during the financial year 2009-10 totalled £654,181, an increase of £204,181 (45.4%) compared with the combined approved budget of £450,000. The Chief Executive of the Care Agency explained that the variance was mainly as a result of expenditure approved, subsequent to the approved budget, on the John Cochrane Ward of approximately £100,000, the Rehabilitation Centre in the region of £68,000 and the Shop-mobility of around £13,000.



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 28 MAY 2009 TO 31 MARCH 2010

RECURRENT ACCOUNT

RECEIPTS

Contribution from the Government of Gibraltar	£11,884,000.00
Residents' Contributions	£731,218.63
Inter-Country Adoptions	£2,900.00
Miscellaneous Income	£2,513.84
	<u>£12,620,632.47</u>

PAYMENTS (1)

Personal Emoluments:

Salaries	£5,759,404.46	
Overtime	£382,365.52	
Allowances	£960,344.85	
Gratuities	<u>£32,418.37</u>	
		£7,134,533.20

Wages:

Basic	£931,328.47	
Overtime	£250,048.44	
Allowances	<u>£15,575.38</u>	
		£1,196,952.29

Employer's Contributions:

Employer's Social Insurance Contributions	£647,062.38	
Employer's Pension Contributions	<u>£362,302.37</u>	
		£1,009,364.75

Other Personnel:

Relief Cover	£410,703.07	
Recruitment Contractual Expenses and Accommodation	<u>£52,864.56</u>	
		£463,567.63

Other Recurrent Expenditure:

Residential Services:

Children in Care	£134,834.82	
Dr Giraldi Home	<u>£76,066.04</u>	
		£210,900.86

Non-Residential Services:

St Bernadette's Centre	£44,165.90	
Domiciliary Care	£513,705.25	
Special Care Abroad	<u>£558,835.56</u>	
		£1,116,706.71
carried forward		£11,132,025.44



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 28 MAY 2009 TO 31 MARCH 2010

brought forward £11,132,025.44

PAYMENTS (cont)

Other Recurrent Expenditure:

Residents' Pocket Money	£90,378.77	
Dressings and Aids	£138,059.78	
Hardware, Uniforms & Linen	£57,554.93	
Clinical Waste	£242,568.39	
Provisions	£315,328.90	
		£843,890.77

Laundry and Cleaning Expenses:

Laundry Expenses	£15,180.83	
Cleaning Expenses	£52,240.26	
		£67,421.09

Day Centre Expenses £10,500.00

Training and Study:

Medical Books	£4,546.95	
Training Courses	£64,835.91	
		£69,382.86

Registration Fees £2,352.13

Office Expenses:

General Expenses	£18,650.59	
Electricity and Water	£161,277.90	
Telephone Service	£66,297.75	
Printing and Stationery	£37,996.87	
Computer and Office Equipment Expenses	£9,129.53	
		£293,352.64

Contracted Services:

Cleaning	£8,378.01	
Planted Areas	£7,884.00	
		£16,262.01

Miscellaneous Expenses:

Lifts Maintenance	£15,777.68	
Jewish Home Security	£3,910.20	
Inter-Country Adoption Expenses	£3,282.00	
Health and Safety Expenses	£6,000.00	
		£28,969.88

carried forward £12,464,156.82



RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 28 MAY 2009 TO 31 MARCH 2010

brought forward £12,464,156.82

PAYMENTS (cont)

Miscellaneous Expenses: (Cont)

Rent and Service Charges	£14,920.75	
Fuel and Gas	£11,357.35	
Motor Vehicle Expenses	£16,998.03	
Insurance	£8,909.00	
Maintenance Works	£99,685.06	
Contingencies	£4,314.85	
	<hr/>	
	£156,185.04	
		<hr/>
		(£12,620,341.86)
		<hr/>
		£290.61
		<hr/>

CAPITAL ACCOUNT

RECEIPTS

Contribution from the Government of Gibraltar	£653,000.00	
Transfer from Social Services Agency (2)	£738.53	
	<hr/>	
		£653,738.53

PAYMENTS

Works and Equipment		(£653,381.13)
		<hr/>
Net Receipts		£357.40
		<hr/>



BALANCE SHEET AS AT 31 MARCH 2010

ASSETS

Recurrent Account

Deposit held by the Government of Gibraltar £290.61

Capital Account

Deposits held by the Government of Gibraltar £357.40

£648.01

FINANCED BY

Recurrent Account

Net Receipts during the period £290.61
Account Balance on 31 March 2010 £290.61

Capital Account

Net Receipts during the period £357.40
Account Balance on 31 March 2010 £357.40

General Fund Balance on 31 March 2010 £648.01

Carmen Maskill
Chief Executive
23rd February 2011

Notes to the Accounts

(1) An analysis of the Care Agency's expenses of the different sections is shown hereunder:

	<u>Elderly Care</u>	<u>Social Services</u>	<u>Drug Rehabilitation</u>	<u>Disability</u>	<u>Total</u>
Personal Emoluments:					
Salaries	£3,059,649.75	£2,450,656.72	£249,097.99	-	£5,759,404.46
Overtime	£170,299.02	£194,245.30	£17,821.20	-	£382,365.52
Allowances	£662,919.58	£290,279.64	£7,145.63	-	£960,344.85
Gratuities	£32,418.37	-	-	-	£32,418.37
	<u>£3,925,286.72</u>	<u>£2,935,181.66</u>	<u>£274,064.82</u>	<u>-</u>	<u>£7,134,533.20</u>
Wages:					
Basic	£860,571.09	£50,880.80	£19,876.58	-	£931,328.47
Overtime	£243,054.15	£59.10	£6,935.19	-	£250,048.44
Allowances	£14,125.59	£1,449.79	-	-	£15,575.38
	<u>£1,117,750.83</u>	<u>£52,389.69</u>	<u>£26,811.77</u>	<u>-</u>	<u>£1,196,952.29</u>
Employer's Contributions:					
Employer's Social Insurance Contributions	£374,359.52	£248,252.05	£24,450.81	-	£647,062.38
Employer's Pension Contributions	£261,793.03	£74,407.17	£26,102.17	-	£362,302.37
	<u>£636,152.55</u>	<u>£322,659.22</u>	<u>£50,552.98</u>	<u>-</u>	<u>£1,009,364.75</u>
Other Personnel:					
Relief Cover	-	£410,703.07	-	-	£410,703.07
Recruitment Contractual Expenses and Accommodation	£51,520.86	£1,343.70	-	-	£52,864.56
	<u>£51,520.86</u>	<u>£412,046.77</u>	<u>-</u>	<u>-</u>	<u>£463,567.63</u>
Residential Services:					
Children in Care	-	£134,834.82	-	-	£134,834.82
Dr Giraldi Home	-	£76,066.04	-	-	£76,066.04
	<u>-</u>	<u>£210,900.86</u>	<u>-</u>	<u>-</u>	<u>£210,900.86</u>
Non-Residential Services:					
St Bernadette's Centre	-	£44,165.90	-	-	£44,165.90
Domiciliary Care	-	£513,705.25	-	-	£513,705.25
Special Care Abroad	-	£558,835.56	-	-	£558,835.56
	<u>-</u>	<u>£1,116,706.71</u>	<u>-</u>	<u>-</u>	<u>£1,116,706.71</u>
Other Recurrent Expenditure:					
Residents' Pocket Money	£90,378.77	-	-	-	£90,378.77
Dressings and Aids	£138,059.78	-	-	-	£138,059.78
Hardware, Uniforms, Linen & Clinical Waste	£57,062.14	£407.89	£84.90	-	£57,554.93
Clinical Waste	£242,568.39	-	-	-	£242,568.39
Provisions	£300,626.69	-	£14,702.21	-	£315,328.90
	<u>£828,695.77</u>	<u>£407.89</u>	<u>£14,787.11</u>	<u>-</u>	<u>£843,890.77</u>
Laundry and Cleaning Expenses:					
Laundry Expenses	£14,465.23	-	£715.60	-	£15,180.83
Cleaning Expenses	£50,199.99	-	£2,040.27	-	£52,240.26
	<u>£64,665.22</u>	<u>-</u>	<u>£2,755.87</u>	<u>-</u>	<u>£67,421.09</u>
Day Centre Expenses	-	£10,500.00	-	-	£10,500.00

	<u>Elderly Care</u>	<u>Social Services</u>	<u>Drug Rehabilitation</u>	<u>Disability</u>	<u>Total</u>
Training and Study:					
Medical Books	£1,177.10	-	£3,369.85	-	£4,546.95
Training Courses	£12,085.55	£50,946.58	£1,803.78	-	£64,835.91
	£13,262.65	£50,946.58	£5,173.63	-	£69,382.86
Registration Fees	£2,352.13	-	-	-	£2,352.13
Office Expenses:					
General Expenses	£7,962.87	£8,385.43	£2,302.29	-	£18,650.59
Electricity and Water	£112,914.94	£37,310.75	£10,897.15	£155.06	£161,277.90
Telephone Service	£31,265.29	£31,074.98	£3,957.48	-	£66,297.75
Printing and Stationery	£14,372.06	£11,074.58	£11,499.76	£1,050.47	£37,996.87
Computer and Office Equipment	£7,015.56	£69.99	£2,043.98	-	£9,129.53
	£173,530.72	£87,915.73	£30,700.66	£1,205.53	£293,352.64
Contracted Services:					
Cleaning	£80.00	£8,034.79	£263.22	-	£8,378.01
Planted Areas	-	£7,884.00	-	-	£7,884.00
	£80.00	£15,918.79	£263.22	-	£16,262.01
Miscellaneous Expenses:					
Lifts Maintenance	£15,777.68	-	-	-	£15,777.68
Jewish Home Security	£3,910.20	-	-	-	£3,910.20
Inter-Country Adoption Expenses	-	£3,282.00	-	-	£3,282.00
Health and Safety Expenses	£6,000.00	-	-	-	£6,000.00
Rent and Service Charges	£14,920.75	-	-	-	£14,920.75
Fuel and Gas	£11,357.35	-	-	-	£11,357.35
Motor Vehicle Expenses	£660.40	£13,525.53	£2,812.10	-	£16,998.03
Insurance	-	£4,023.00	£4,886.00	-	£8,909.00
Maintenance Works	£73,551.57	£22,271.30	£3,862.19	-	£99,685.06
Contingencies	£4,314.85	-	-	-	£4,314.85
	£130,492.80	£43,101.83	£11,560.29	-	£185,154.92
Capital Account:					
Works and Equipment	£369,214.68	£275,297.60	£6,108.08	£2,760.77	£653,381.13
	£369,214.68	£275,297.60	£6,108.08	£2,760.77	£653,381.13

(2) The amount of £738.53 was transferred from the Social Services Agency to the Capital account of the Care Agency.