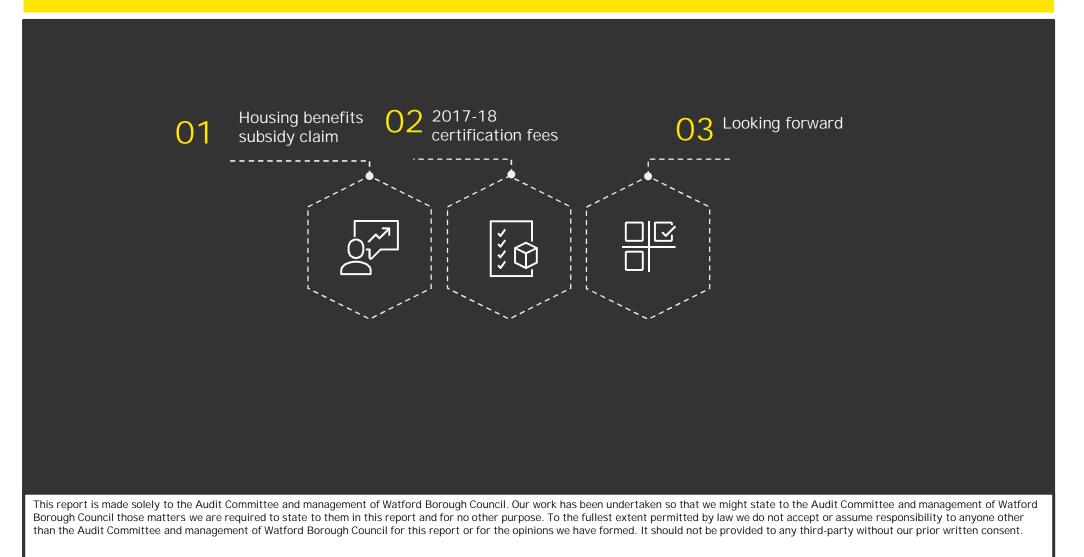
Watford Borough Council Certification of claims and returns annual report 2017-18

December 2018



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Private and Confidential Watford Borough Council Town Hall Hempstead Road Watford WD17 3EX Dear Audit Committee Members

Certification of claims and returns annual report 2017-18 Watford Borough Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Watford Borough Council's 2017-18 housing benefits claim.

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2017-18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions. This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We checked and certified the housing benefits subsidy claim with a total value of £38,147,341. We met the submission deadline. We issued a qualification letter. Details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

The Council has made progress in implementing the recommendations from last year and has improved arrangements. Details are included in section 1.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2017-18 were published by the Public Sector Audit Appointments Ltd (PSAA) and are available on the PSAA's website (www.psaa.co.uk). We welcome the opportunity to discuss the contents of this report with you at the 14th March 2019 Audit Committee.

Andrew Brittain Associate Partner Ernst & Young LLP December 2018



01 Housing benefits subsidy claim



Scope of work	Results		
Value of claim presented for certification	£38,147,341		
Amended/Not amended	Amended – subsidy increased by £929		
Qualification letter	Yes		
Fee – 2017-18	£13,787		
Fee – 2016-17	£18,622		
Recommendations from 2016-17	Findings in 2017-18		
 Work to an agreed timetable to ensure all work is completed by the 30 November deadline. Ensure workbooks are fully completed. 	 Although some workbooks and query responses were delivered later than agreed or anticipated, we saw an improvement in this area, enabling us to certify the subsidy claim form on 29 November 2018. 		
	2. The Authority agreed to perform standard verification testing on the initial testing performed. When the workbooks were initially sent to us, this had not been carried out, however, the Authority rectified this within an agreed timescale.		

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim of £929. We have reported the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry our further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- Errors in the classification of expenditure relating to claimants residing in temporary accommodation;
- ▶ Errors in the calculation of earned income for claimants residing in temporary accommodation; and
- Amendments to the subsidy claimed for local schemes where insufficient evidence was available to support the amount claimed.



02 2017-18 certification fees



The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	15,268	15,268	18,622

We are not proposing any variation to the indicative fee.



O3 Looking forward





2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for the year ended 31 March 2019 the Council has appointed us to act as reporting accountants in relation to the Housing Benefits Certification scheme.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

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