

Joanne Wagstaffe
Finance Director
Watford Borough Council
Hempstead Road
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WD17 3 EX

6 January 2015

Dear Joanne,

Certification work for Watford Borough Council for year ended 31 March 2014

We are required to certify certain claims and returns submitted by Watford Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified one claim for the financial year 2013/14 relating to expenditure of £38.4 million. Further details of the claims certified are set out in Appendix A.

There were a couple of issues arising from our certification work which we wish to highlight for your attention.

- The draft housing subsidy claim had to be submitted to the DWP by the 30 April 2014, the Council submitted the draft claim by 7 May 2014. Although this represents an improvement on the prior year's submission, further improvements are to be made to ensure compliance with future submission deadlines.
- There was one instance of Non HRA rent rebate not being supported by a claim form or other relevant prime records. Additional testing of a further 40 cases was performed, in accordance with audit commission methodology, that resulted in no further errors being detected.

The indicative fee for 2013/14 for the Council is based on the final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims have been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. The indicative scale fee set by the Audit Commission for the Council for 2012/13 is £16,368. This is set out in more detail in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2013/14

| Claim or return | Value | Amended? | Amendment (£) | Qualified? | Comments |
|--------------------------------|--------------|-----------------|----------------------|-------------------|---|
| Housing benefits subsidy claim | £38.4million | No | - | Yes | <p>The draft claim was submitted to the DWP on 7 May 2014, the deadline for submission to the DWP is 30 April 2014.</p> <p>Claim subject to a qualification letter and one instance of additional 40 plus case testing.</p> |

Appendix B: Fees for 2013/14 certification work

| Claim or return | 2012/13 fee (£) | 2013/14 indicative fee (£) | 2013/14 actual fee (£) | Variance (£) | Explanation for variances |
|---|----------------------------|---|---------------------------------------|-------------------------|---|
| Housing benefits subsidy claim (BEN01) | 13,368 | 11,088 | 11,088 | - | |
| National non- domestic rates return (NNDR3) | 3,000 | N/a | N/a | - | No requirement to certify this return in 2013/14 |
| Total | 16,368 | 11,088 | 11,088 | - | |