

22 October 2009

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— Dear members

## **Annual Audit Letter**

### **Purpose of the letter**

This letter summarises the key issues arising from our audit of the 2008/09 accounts for the former Cheshire County Council. It has been prepared to meet the requirements set out in the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. I have addressed this letter to Council members as it is the responsibility of the Council to ensure that effective arrangements are in place for the conduct of the remaining business for the former Cheshire County Council.

As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:

the former County Council's accounts; and

whether proper arrangements for securing economy, efficiency and effectiveness in the use of resources (VFM arrangements) were made for the former County Council.

### **Status of the audit and main conclusions**

In my Annual Governance Report which was presented at the Audit and Governance Committee on 29 September 2009, I indicated that the work relating to the audit was substantially complete. I am pleased to be able to inform members that the outstanding work was completed satisfactorily and I was able to issue an unqualified opinion on the accounts and VFM arrangements on 30 September 2009, as planned.

The arrangements for production of the Council's financial statements were effective and the working papers to support the statements were good. The main issues reported in my Annual Governance Report relate to;

- the progress made in reconciling the Council's main bank accounts;
- the impact on the accounts from the collapse of the Heritable Bank in October 2008;

- the pooling of the Council's cash with surplus Pension Fund cash; and
- a significant adjustment of £2.7m to the Pension Fund accounts.

More detail in relation to these issues is provided in my Annual Governance Report which can be found by following this link [www.cheshirewestandchester.gov.uk/your\\_council](http://www.cheshirewestandchester.gov.uk/your_council).

I have concluded that the Council's VFM arrangements satisfactorily meet the twelve criteria specified by the Audit Commission. The main actions for the new councils arising from the assessment are a need to;

- complete and test business continuity plans;
- implement and monitor shared services arrangements; and
- monitor the achievement of value for money from the use of consultants

### **The way forward**

The recommendations included in the Annual Governance Reports for the former County Council and other demised bodies in the west will be brought together in the form of an action plan which will be presented to the Audit and Governance Committee. I will also be presenting a supplementary audit plan to the Audit and Governance Committee shortly which sets out the audit work programme for the first year of the new Council. There are, understandably, many challenges which the Council and some of these, for example, bringing balances forward correctly and managing the budget, will be audit risks which will be given high priority in our audit plan.

### **Concluding remarks**

Members and Council staff have responded positively and constructively to the audit and I would like to express thanks for the help and co-operation that has been provided.

Yours sincerely

Judith Tench  
District Auditor