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21 October 2009

Dear Members

Annual Audit Letter in respect of the demised Congleton Borough Council (CBC)

This short formal letter provides an overall summary of the findings and conclusions from the audit of the Council for 2008/09 undertaken since the last Annual Audit and Inspection Letter, which was reported to CBC in March 2009.

The Audit Commission has determined that, given the limited range of work undertaken by auditors on demised bodies' affairs since April 2009, a short formal letter will discharge the Auditor's reporting responsibilities under the Code of Audit Practice (the Code).

We have addressed this letter to members of Cheshire East Council (CEC) as the successor body to CBC. Its scope covers only those areas of our responsibility not previously reported and is thus confined to our work on the demised CBC's 2008/09 financial statements, our work in relation to the Value for Money Conclusion for 2008/09 and our certification of various Government grant claims.

This letter also communicates the significant issues to key external stakeholders, including members of the public. This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk.

As CBC's appointed auditor Baker Tilly was responsible for planning and carrying out an audit that met the requirements of the Code. Under the Code, the auditor reviews and reports on:

- the Council's accounts; and
- whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion).

We have for completeness listed the reports issued to the Council relating to 2008/09 work carried out since March 2009 at the end of this report.



The audit of the accounts and value for money

We have reported separately to CEC's Governance and Constitution Committee on the issues arising from our 2008/09 audit and issued an audit report, providing an unqualified opinion on CBC's accounts and a conclusion on its value for money arrangements which stated that these arrangements were adequate, on 30th September 2009.

As we reported to the Governance and Constitution Committee, the successor Council was well prepared for the commencement of the audit. The financial statements were approved before the 30 June 2009 deadline in accordance with the Council's timetable. Working papers providing the composition of balances and appropriate supporting evidence were prepared to a good standard by the Council and additional explanations were provided on a timely basis where required.

Now that the financial statements audit is complete, CEC will now need to turn its attention to the disaggregation of the old County Council's balance sheet and then the aggregation of all the balances relating to Congleton and the other demised councils in the East of the County. This will be a sizeable task and complicated thereafter by the need to restate opening balances at April 2009 under the requirements of International Financial Reporting Standards.

Government grant claims

We have audited a number of Government grant claims in relation to CBC, including NNDR, Housing Benefits, Sandbach Market Renewal and Disabled Facilities. There are no matters arising that warrant Members' attention.

Closing remarks

The Council and its successor body have taken a positive and constructive approach to audit work, and we wish to thank in particular CEC's staff for their support and cooperation during the audit of the financial statements.

Yours faithfully

Baker Tilly UK Audit LLP



Table 1

Report issued

Report	Date of issue
ISA 260 report to those charged with governance	September 2009
Annual audit and inspection letter	October 2009