

Our reference MA001

24 November 2009

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Dear Ladies and Gentlemen

Annual Audit letter: Demised Macclesfield Borough Council.

Purpose of the letter

This letter summarises the key issues arising from our audit of the 2008/09 accounts for the former Macclesfield Borough 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 Macclesfield Borough 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 Borough 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 Borough Council.

Status of the audit and main conclusions

I presented my Annual Governance Report at the Governance and Constitution Committee on 30 September 2009 and I am pleased to be able to confirm to members that 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;

- miss-classification within the Income and Expenditure Account of pension costs arising from curtailments
- miss-classification within the cash flow statement of the proceeds from disposal of fixed assets

- the reversal within the Income and Expenditure Account of capital charges and internal income

More detail in relation to these issues is provided in my Annual Governance Report which can be found by following this link

<http://moderngov.cheshireeast.gov.uk/ecminutes/ielssueDetails.asp?Ild=8751&PlanId=0&Opt=3#AI6215>

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;

- Completing leisure review and rescheduling of refuse collection rounds both of which were postponed for LGR.
- Ensuring arrangements are in place to deliver continued improvements in data quality

I am not yet able to issue my certificate stating that I have completed the audit due to some outstanding correspondence with a local elector. I expect to be in a position to do so in early December.

The way forward

I will be presenting a supplementary audit plan to the Governance and Constitution Committee shortly which sets out the audit work programme for the first year of the new Council. There are, understandably, many challenges for 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 my thanks for the help and co-operation that has been provided throughout the audit

Yours faithfully

Judith Tench
District Auditor