



BAKER TILLY

Our ref: dcb/sh  
Your ref:

3 Hardman Street  
Manchester  
M3 3HF  
Tel: +44 (0)161 830 4000  
Fax: +44 (0)161 830 4001  
[www.bakertilly.co.uk](http://www.bakertilly.co.uk)

The Members  
Cheshire East Council  
Westfields  
Middlewich Road  
Sandbach  
Cheshire  
CW11 1HZ

[david.buxton@bakertilly.co.uk](mailto:david.buxton@bakertilly.co.uk)  
Ext: 4025

21 October 2009

Dear Members

**Annual Audit Letter in respect of the demised Crewe & Nantwich Borough Council (CNBC)**

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 CNBC 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 CNBC. Its scope covers only those areas of our responsibility not previously reported and is thus confined to our work on the demised CNBC'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](http://www.audit-commission.gov.uk).

As CNBC'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 & Constitution Committee on the issues arising from our 2008/09 audit and issued an audit report, providing an unqualified opinion on CNBC'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 & 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 Crewe & Nantwich 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 CNBC, including NNDR, Housing Benefits 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**

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