

22 October 2012

Members
Cheshire West and Chester Council
58 Nicholas Street
Chester
CH1 2NP

Direct line 0844 798 3556
Email j-tench@audit-
commission.gov.uk

Dear Member

Cheshire West and Chester Council Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Cheshire West and Chester Council including the Pension Fund that it administers.

I presented my Annual Governance Reports outlining the findings of my audits of the Council and Pension Fund to the Audit and Governance Committee on 11 September 2012. My reports can be found by following this link:

http://www.cheshirewestandchester.gov.uk/your_council/how_we_work/budgets_and_finance/annual_governance_reports.aspx

While I have not replicated my findings in any detail in this letter, I set out the key messages below.

Financial statements of the Council and Pension Fund

The Council's finance team prepared the financial statements early, to a very good standard and provided excellent working papers and support for my audit team. This enabled me to complete the audit early. No significant adjustments were made to the Council's accounts as a result of my audit. The pension Fund statements were amended to correct a number of errors identified during the audit but there was no significant impact to the reported performance of the fund.

Value for money

The Council remains financially resilient. The General Fund Balance of £21.1m at 31 March 2012 should be sufficient to enable the Council to manage unforeseen financial pressures in the short to medium term. The Council has saved £82m in the first three years and with continued good planning and financial management the savings target of a further £44m by 2015 should be achievable.

The Council has a good focus on value for money. Overall, performance improved with reduced spending in 2011/12. The Council is also receptive to new initiatives designed to improve value for money. For example, its Altogether Better programme will enable it to fundamentally transform the way services are provided in partnership with other bodies in West Cheshire. But big challenges remain including providing good services with significantly reduced government funding in the future.

Reporting the results of my audit

Following the Audit and Governance Committee on 11 September 2012, I:

- issued an unqualified opinion on the Council's 2011/12 financial statements which included the Pension Fund financial statements;
- issued an unqualified opinion on the Pension Fund 2011/12 financial statements included in the Pension Fund Annual Report;
- issued a conclusion that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- certified completion of the audit.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Director of Resources. I wish to thank the finance staff for the positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit and Governance Committee for their support and co-operation during the audit.

Finally, you will be aware that in response to the Government decision to put in place a new framework for local public audit, the Audit Commission has carried out a procurement exercise to externalise the work of its in house practice. As you know the contract for North West audits, including Cheshire West and Chester Council, has been awarded to Grant Thornton (UK) LLP. Existing employees from the Audit Commission's in house practice will transfer to Grant Thornton on 1 November 2012. I hope to remain your Engagement Lead and will endeavour to retain consistency within my existing audit team wherever possible. I look forward to continuing to work with you.

Yours sincerely

Judith Tench
Engagement Lead