



The Annual Audit Letter for Cheshire West and Chester Council

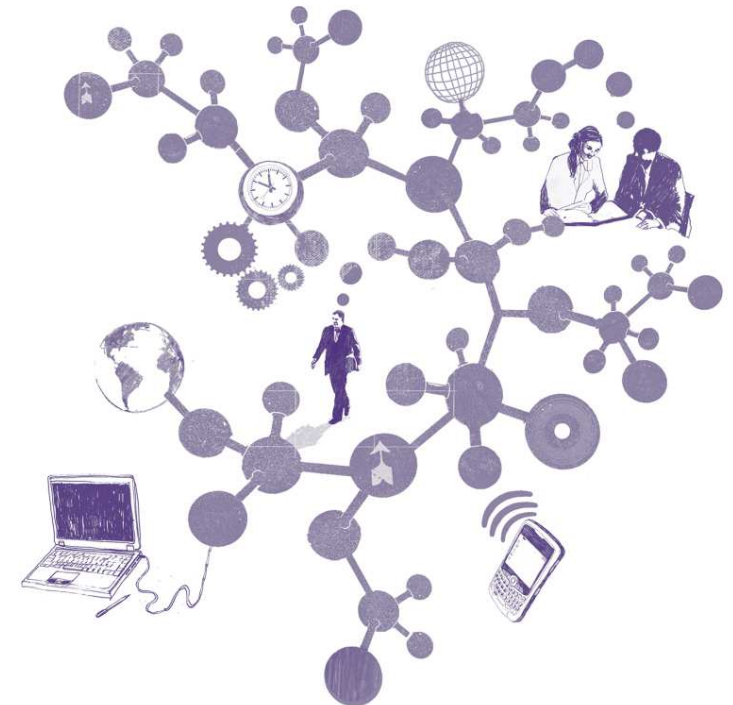
Year ended 31 March 2015

23 October 2015

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Cheshire West and Chester Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 5 March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 15 September 2015 to the Audit and Governance Committee. The key messages reported were:

- as last year, the draft accounts were prepared to a good standard and were supported by comprehensive working papers
- no adjustments were required affecting the Council's reported financial position
- the Council continued to demonstrate good financial performance, despite the financial and demographic pressures facing Local Government.

The Council produced group accounts for the first time in 2014/15 recognising the extent of its involvement in group undertakings, which collectively were considered significant.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 16 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Looking ahead, the Audit and Accounts Regulations 2015 require local authorities to approve and publish their accounts by 31 May and 31 July respectively (currently 30 June and 30 September). We will be discussing with officers the arrangements for bringing forward the accounts and audit completion period, including an earlier Audit and Governance Committee date, ahead of the changes to the national deadlines in 2017/18.

Key messages continued

Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2014/15 on 16 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p> <p>The Council has good financial planning and review processes in place, and a track record of delivering financial plans and savings but continues to face financial pressures. The Council has delivered savings over the last few years by delivering radical changes to the way in which services are delivered including the use of arms length companies. Looking ahead over the next two years, on-going reductions in government funding together with cost pressures from inflation and new commitments will require the Council to continue to explore new and innovative ways to deliver services, whilst also delivering a savings programme of some £25m over 2015/16 and 2016/17.</p> <p>For 2015/16, the Council set a net budget of £277m. The most recent monitoring report presented to Cabinet on 2 September 2015 indicated that by the year end, services are forecast to exceed budget by £0.3m, however, after remedial measures, the Council overall is forecast to deliver a balanced outturn position at the year end.</p> <p>The National Audit Office (NAO) has recently consulted on proposed guidance to auditors in relation to their statutory duty to be satisfied that audited bodies have proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources (Value for Money – VfM) . We understand the finalised guidance will be published in November 2015 and apply to audits from 2015/16. Once the guidance has been published, we will meet with officers to consider the impact of any changes to our VfM work.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.</p>

Key messages continued

Certification of housing benefit grant claim	We are currently auditing the Council's 2014/15 housing benefit grant claim. We expect our work to be concluded by 30 November 2015.
Audit fee	Our fee for 2014/15 was £240,853, excluding VAT which was in line with our planned fee for the year. Further detail is included at Appendix A.

Appendix A: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services - Council

	Per Audit plan £	Actual fees £
Council audit	204,203	204,203
Housing benefit grant certification fee	36,650	36,650
Total audit fees	240,853	240,853

Fees for other services

Service	Fees £
Services provided directly to Cheshire West and Chester Council	
Regional Growth Fund (RGF) Accountants Reports – Ellesmere Port	£5,500
Teachers Pensions Agency Accountants Report	£4,200
Place Analytics	£20,000
External Audit Services Provided to the Council's Group Companies	
Cheshire Provider Services (Vivo Care Choices) – 100% owed by the Council	£14,750
Cosocius – 50% owned by the Council, 50% owned by Cheshire East Council	£15,800

Fees – Pension Fund

	Per Audit plan £	Actual fees £
Cheshire Pension Fund Audit Fee	29,342	29,342
Total fees	29,342	29,342

Reports issued

Report	Date issued
Audit Plan	March 2015
Audit Findings Report	August 2015
Annual Audit Letter	October 2015



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