

8 October 2012

Members
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Dear Member

Gateshead Council Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Gateshead Council.

Financial statements

On 28 September I presented my Annual Governance Report (AGR) to the Accounts Committee outlining the findings of my audit of the Council's 2011/12 financial statements. I will not replicate those findings in this letter.

Following the Accounts Committee on 28 September I:

- issued an unqualified opinion on the Council's 2011/12 financial statements included in the Council's Statement of Accounts;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources;
- certified completion of the audit.

Value for money

I have concluded that the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Council has recognised the significant financial challenge it faces, with a funding gap of over £70m to be addressed over three years. The 2011/12 budget was delivered, but the challenge continues with a further £22m savings required in 2012/13. The Council consulted widely with residents and other stakeholders to explain proposed budget reductions and consequent service changes.

The Council has retained its strategic vision, prioritising reduced resources. A detailed programme of service reviews have been implemented to ensure quality services can be maintained, and the Council continues to use benchmarking to compare its costs and services so as to identify further opportunities for improvements or cost savings.

Closing remarks

I have agreed this letter with the Chief Executive and Strategic Director, Finance and ICT. This has been another challenging year for the Council and I wish to thank your officers for their positive and constructive approach they have taken to my audit. Also, as this is the last audit carried out by the Audit Commission's Audit Practice, I would like to take the opportunity to thank senior managers and Members for their support and co-operation during this year's audit and also over the many years previously.

Yours sincerely

Steve Nicklin
District Auditor