REPORT TO:	**AUDIT SUB COMMITTEE**	**AGENDA ITEM: 8**
DATE OF MEETING:	**21st JUNE 2007**	**CATEGORY: RECOMMENDED**
		OPEN
REPORT FROM:	**DIRECTOR OF CORPORATE SERVICES**	
MEMBERS' CONTACT POINT:	**TONY STAMPER (595706)**	**DOC:**
SUBJECT:	**ANNUAL REPORT OF THE INTERNAL AUDIT SERVICE 2006/07**	**REF:**
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE:**

1.0 Recommendations

1.1 The Committee are asked to note the annual report of the Internal Audit service attached (Appendix 1).

1.2 and approve the Annual Internal Audit Assurance Statement.

2.0 Purpose of Report

2.1 To provide members with information on the work of internal audit over the last year.

3.0 Executive Summary

3.1 In respect of the audit work undertaken, the annual report of the Council's Internal Audit service provides assurance that the Council's key financial systems can be relied upon and that a sound system of internal control exists.

4.0 Detail

4.1 The Internal Audit team carries out a range of audits in accordance with the Council's Strategic Audit Plan.

4.2 The team works closely with the external auditors, who place a considerable degree of reliance on the work carried out by the internal audit team.

4.3 In essence, Internal Audit verifies that financial and other systems include a level of control sufficient to prevent and detect error and financial irregularity.

4.4 As most financial transactions are heavily computerised, this means that audit work focuses increasingly on the effectiveness of computer systems that are used to administer Council finances.

4.5 The report of the Internal Audit team at Annex 1 explains how the team approaches its work and provides a summary of their work over the last year worthy of specific note.

4.6 It would be impossible for any Audit Team to look at all the Council's activities in any one year. This means that their work is prioritised, based on the perceived level of risk involved.

5.0 Financial Implications

5.1 None stemming directly from this report.

6.0 Conclusions

6.1 The Council's internal control framework has effective systems to safeguard both the services and finances of the Council.

7.0 Background Papers

7.1 None